

6. SUMMARY OF FINANCIAL INFORMATION

6.1. Departmental receipts

Departmental receipts	2012/13			2011/12		
	Actual			Actual		
	Estimate	Amount Collected	(Over) / Under	Estimate	Amount Collected	(Over) / Under Collection
Sales of goods and services other than capital assets	77,114	106,911	-29,797	75,044	81,144	-6,100
Sales of goods and services produced by department (excl. capital assets)	76,685	106,724	-30,039	74,944	81,002	-6,058
Sales by market establishments	8,936	9,128	-192	8,415	8,247	168
Administrative fees	1,098	1,116	-18	877	901	-24
Other sales	67,080	96,480	-29,400	65,652	71,854	-6,202
Of which						
Hospital Fees	47,280	75,672	-28,392	46,076	51,956	-5,880
Boarding Services	7,721	8,009	-288	8,500	8,401	99
Commission	11,650	12,799	-1,149	11,076	11,497	-421
Sales of scrap, waste, arms and other used current goods (excl. capital assets)	429	187	242	100	142	-42
Interest	168	297	-129	121	0	121
Sales of capital assets		-				
Land and sub-soil assets				360	361	-1
Financial transactions in assets and liabilities	4,112	7,230	-3,118	2,812	7,106	-4,294
Total departmental own source receipts	81,394	114,438	-33,044	78,337	88,611	-10,273

Health Services tariffs are determined by the National Department of Health (NDoH) for all the provinces through the implementation of the Uniform Patient Fees Schedule (UPFS).

The Department's tariffs in respect of H1 patient categories differ from those set by NDoH in respect of services rendered at facility level 3 and also in respect of services rendered by a Specialist. This is because the Department implemented UPFS four years after it was introduced as a national Policy. A phased approach is being followed to avoid drastic tariff increases.

The tariffs applicable to externally funded patients, is an “undiscounted” tariff that applies to patients who are covered by medical schemes, persons injured in motor vehicle accidents (Road Accident Fund) and other state departments (Department of Justice, South African Police, Correctional Services) and patients injured on duty.

Patients, who do not have external funding, pay a discounted fee. The discount for patients that are formally unemployed or on social grants (H0) receive free health care (100% subsidy); patients earning below R37,000 per annum (H1) receive a subsidy of approximately 90%; patients who earn between R37,000 and R72 000 (H2) – the subsidy varies according to services rendered, ranging from 35% to 90%.

Self – funded patients (H3) exceeding the means test, receive on average a 25% subsidy.

The department increased patient tariffs to the externally funded patient fees by 5.4% in the year under review.

Free Services

The mandate of the Department of Health is to provide health care services to the citizens of this country, in exercising that mandate and in terms of policy there are circumstances under which patients will receive services free of charge independently of their classification as full paying or subsidized patients. Such circumstances include infectious, formidable diseases, pregnant women and children. Also patients classified under H0 category receive free services. It is not possible to quantify the cost of the free services rendered.

Elective healthcare services do not qualify as free services and patients are required to pay the “undiscounted” UPFS fee

6.2. Programme Expenditure

Programme Name	2012/2013			2011/2012		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
HealthAdministration	534,631	535,063	(432)	549,410	543,898	5,512
District Health Services	7,901,611	7,953,629	(52,018)	6,984,759	7,285,266	(300,507)
Emergency Medical Services	667,394	619,525	47,869	649,984	644,588	5,396
Provincial Hospital Services	3,982,958	3,979,016	3,942	3,864,011	3,860,254	3,757
Central Hospital Services	702,419	657,170	45,249	647,104	627,075	20,029
Health Science and Training	638,633	579,964	58,669	627,722	605,824	21,898
Health Care and Support Services	87,312	84,309	3,003	90,012	78,747	11,265
Health Facilities Development and Maintenance	1,217,940	1,192,168	25,772	1,397,980	1,245,044	152,936
Total	15,732,898	15,600,844	132,054	14,810,982	14,890,696	(79,714)

Reasons for variations are as per information discussed above in the organisational environment and the service delivery environment.

6.3. Transfer payments, excluding public entities

The department utilises various institutions, government entities, Universities, Technikons and CBOs as vehicles to deliver services to the communities of the province. The nature of services to be rendered and relationships with these organisations is governed by Service Level Agreements.

During the year under review, the department transferred R134.13 million to Hospices, Universities and Technikons and to Municipalities. Details on these transfer payments are given in Annexures 1C, 1D and 1B respectively of the Annual Financial Statements section.

Funds were transferred to various Universities and Technikons for the provision of Health Sciences, Training & Development. Municipalities received funds for the devolution of environmental health. The department monitored these institutions / entities to ensure that the allocated funds were spent as planned and detailed in the Service Level Agreements.

Other than transfer payments to the Walter Sisulu University, the Department obtained assurance from each entity that received a transfer, that the entity implements effective, efficient and transparent financial management and internal control systems, as required by TR 18.3.1 ©.

The Walter Sisulu University (WSU) has been funded extensively from the Health Professions Training and Development (HPTD) Grant using multiple service level agreements (SLAs) over several years in order to strengthen the Faculty's under- and post-graduate programmes to unpin the department's human resource needs, particularly in rural communities.

Three SLAs were concluded under this partnership. The first and largest funded the Faculty in a variety of ways from a Joint Staff Establishment to operational costs related to registrar rotations, conferences and journals. The second SLA funded the four Health Resource Centres operational costs. The third and most recent funded the establishment of a Medical Orthotics and Prosthetics programme. Transfer payments to WSU represented between 80-85% of the total HPTD Grant budget.

The Department observed non-compliance by WSU to the requirements of their SLAs, in particular financial reporting, resulting in increased pressure on the ECDoH to enforce Sections 38(i) J&K of the Public Finance Management Act in keeping with the responsibilities and expectations of the Accounting Officer, the National Department of Health and the Auditor General.

At all material times, the funding provided by the Department of Health was ring fenced and governed by legislation including the Division of Revenue Act, Public Finance Management Act and Treasury Regulations.

It has now become apparent from draft financials recently submitted to the Department, that the University has loaned to itself a substantial amount of money from the Health Professional Training and Development Fund in order to meet several of its other operating expenses.

In acting as aforesaid and utilising the funding contrary to the provisions of the agreement between the parties, the Walter Sisulu University has breached a material term of the contract between the parties and in so doing has acted wrongfully, unlawfully and contradicted the applicable legislation.

In the circumstances, the Department of Health has demanded that the University repay the amount

6.4. The table below reflects the transfer payments made for the period 1 April 2012 to 31 March 2013

Name of transferee	Purpose for which the funds were used	Compliance with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Provinces and municipalities	For the devolution of environmental health services to municipalities	Yes	7,928	7,928	n/a
Departmental agencies and accounts	Allocation to HWSETA per Skills Development Act.	Yes	18,718	18,718	n/a
	Subsidise activities carried out by NGOs and CBOs for work done in relation to HIV / AIDS		5,709	5,709	
Universities and Ttechnikons	Activities concerned with training of health professionals and other HIV/AIDS related training	Yes	101,770	101,770	n/a
Households	Payment of leave gratuities to departmental beneficiaries, bursaries to non-employees and settlement of medico-legal claims	Yes	260,361	260,361	n/a
			394,486	394,486	n/a

6.5. The table below reflects the transfer payments which were budgeted for in the period 1 April 2012 to 31 March 2013, but no transfer payments were made.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
Berlin Advice Centre	Subsidise activities carried out by NGOs and CBOs for work done in relation to HIV / AIDS	134	Nil	Organisations did not meet the terms agreed upon per SLAs
Empilisweni HIV/AIDS & Orphans		134		
Faith and Hope Integrated Aids Programme		134		
Good Samaritan Home		134		
Good Shepherd Hospice		134		
Gwebindlala HIV/AIDS Organisation		134		
Hlumani HIV/AIDS Care Givers		134		
House of Hope Hospice		134		
Ikamvelihle Rehab Centre		134		
Ikhwezi Women's Support Centre		134		
Ikwezi Lomso Child & Family Welfare Society		191		
Ilitha Community Psychological Services		134		
Inkwanca Home-base		766		
Keiskamma Trust		134		
Masibambisane Home Based Care & Support Group		134		
Mpuma Kapa Multi-Purpose		134		
Ncedisizwe HBC		134		
Never Give Up Support Group		134		
Port St Johns Creative Young Women Group		134		
Sakhimpilo Home Based Care Project		134		

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
Sicelusizo Development Trust		134		
Sinako Wellness and Development Organisation		78		
Sinethemba Organisation		134		
Sinothando Home of Safety		134		
Siyakhanyisa HIV&AIDS Support Group		134		
Sizanenguqu Home Community Based Care		134		
Sophumelela Clinic Incorporated		134		
Ukhamba Projects		134		
Umtata Women's Support Centre		134		
We Care		134		
Yizani Home Based Care		134		

6.4. Public Entities

No Public Entities reporting to the ECDoH.

6.6. Conditional grants and earmarked funds paid

No Conditional Grants and earmarked funds paid by the ECDoH.

6.6. Conditional grants and earmarked funds received

The Department Health spent R2,631 billion (95%) of its R2,765 billion adjusted conditional grants budget, leaving R132,911 million as unspent funds. Of this amount, the Department applied for a total of R132,911 million to be rolled over and R3,069 million to be surrendered.

Refer to the Disclosure Notes to the Annual Financial Statements, which gives the overview of grants received, including types and total amount received and actual expenditure on all allocations.

The Tables below describes each of the conditional grants and earmarked funds received by the department:

National Tertiary Services Grant

Department who transferred the grant	Health (Vote 16)
Purpose of the grant	To compensate tertiary facilities for the additional costs associated with the rendering of tertiary services provision and spillover effects.
Expected outputs of the grant	Inpatient separations, Day patient separations, In-patient days, Out-patient first attendance, Outpatient follow-up attendance.
Amount per amended DORA	R702,419,000
Amount received (R'000)	R702,419,000
Reasons if amount as per DORA was not received	Full amount received.
Amount spent by the department (R'000)	R657,292,000
Reasons for the funds unspent by the department	The department has applied for rollovers of the unspent portion, primarily attributable to machinery and equipment (Three (3) Magnetic Resonance Imaging (MRI) Scanners for Livingstone Hospital, Frere Hospital and Nelson Mandela Academic Hospital; three (3) C ARM X-Ray Machines acquired for the Department's Nelson Mandela Academic Hospital, and Mthatha General Hospital; several Anaesthetic Machines with Monitors for Cecilia Makiwane Hospital, Frere Hospital and Nelson Mandela Academic Hospital) awaiting delivery.
Monitoring mechanism by the receiving department	Adherence to reporting requirements of DORA, including inter alia in year monitoring reporting and monitoring processes, monthly certification of financial returns, quarterly certification of predetermined objectives, ongoing reviews with National Department Grant Managers.

Health Professions Training and Development Grant:

Department who transferred the grant	Health (Vote 16)
Purpose of the grant	Support provinces to fund operational costs associated with training of health professionals; development and recruitment of medical specialists in under - served provinces; and support and strengthen undergraduate and postgraduate teaching and training processes in health facilities.
Expected outputs of the grant	Under graduate Students, Registrars, Expanded specialists and teaching infrastructure in target provinces.
Amount per amended DORA	R183,021,000
Amount received (R'000)	R182,093,000
Reasons if amount as per DORA was not received	Full amount received.
Amount spent by the department (R'000)	R178,743,000
Reasons for the funds unspent by the department	The department has applied for rollovers of the unspent portion, primarily attributable to machinery and equipment of R2,6 million awaiting delivery.
Monitoring mechanism by the receiving department	Adherence to reporting requirements of DORA, including inter alia in year monitoring reporting and monitoring processes, monthly certification of financial returns, quarterly certification of predetermined objectives, ongoing reviews with National Department Grant Managers.

Hospital Revitalisation Grant:

Department who transferred the grant	Health (Vote 16)
Purpose of the grant	To provide funding to enable provinces to plan, manage, modernise, rationalise and transform health infrastructure, health technology, monitoring and evaluation of the health facilities in line with national policy objectives; supplement expenditure on health infrastructure delivered through public private partnerships.
Expected outputs of the grant	Number of Hospitals receiving funding from Hospital Revitalisation Grant.
Amount per amended DORA	R460,173,000
Amount received (R'000)	R460,173,000
Reasons if amount as per DORA was not received	Full amount received.
Amount spent by the department (R'000)	R414,560,000
Reasons for the funds unspent by the department	The department has applied for rollovers of the unspent portion, primarily attributable to payments for capital assets: Buildings and Fixed Structures. The under spend / savings in buildings and other fixed structures occurred as a result of the stop and start of projects, including inter alia Cecilia Makiwane, St Patrick and St Elizabeth Hospitals, due to industrial action by employees employed by contactors as well certain contractors filing for Business Rescue (Chapter 6 of Companies Act 71 of 2008) and further on granted liquidation.
Monitoring mechanism by the receiving department	Adherence to reporting requirements of DORA, including inter alia in year monitoring reporting and monitoring processes, monthly certification of financial returns, quarterly certification of predetermined objectives, ongoing reviews with National Department Grant Managers.

Comprehensive HIV and Aids Grant

Department who transferred the grant	Health (Vote 16)
Purpose of the grant	- To enable the health sector to develop an effective response to HIV and Aids including universal access to HIV Counselling and Testing (HCT); - To support the implementation of the National Operational Plan for comprehensive HIV and Aids treatment and care; - To subsidise in-part funding for antiretroviral treatment programme.
Expected outputs of the grant	Number of individuals counselled and tested, Number of MMC conducted, Number of new patients initiated on ART.
Amount per amended DORA	R1,069,137,000
Amount received (R'000)	R1,069,137,000
Reasons if amount as per DORA was not received	Full amount received
Amount spent by the department (R'000)	R1,040,502,000
Reasons for the funds unspent by the department	The department has applied for rollovers of the unspent portion, primarily attributable to machinery and equipment (X-Ray and ultrasound machines) awaiting delivery.
Monitoring mechanism by the receiving department	Adherence to reporting requirements of DORA, including inter alia in year monitoring reporting and monitoring processes, monthly certification of financial returns, quarterly certification of predetermined objectives, ongoing reviews with National Department Grant Managers.

Health Infrastructure Grant

Department who transferred the grant	Health (Vote 16)
Purpose of the grant	To supplement provincial funding of health infrastructure to address backlogs, accelerate the provision of health facilities and ensure proper life cycle maintenance of provincial health infrastructure.
Amount per amended DORA	R306,714,000
Amount received (R'000)	R306,714,000
Reasons if amount as per DORA was not received	Full amount received.
Amount spent by the department (R'000)	R302,716,000
Reasons for the funds unspent by the department	The department has applied for rollovers of the unspent portion, primarily attributable to the payment of an awaited unitary fee for the Port Alfred Settlers Co-location PPP.
Monitoring mechanism by the receiving department	Adherence to reporting requirements of DORA, including inter alia in year monitoring reporting and monitoring processes, monthly certification of financial returns, quarterly certification of predetermined objectives, ongoing reviews with National Department grant managers.

Social Sector Expanded Public Works Programme Incentive Grant for Provinces

Department who transferred the grant	Public Works (Vote7)
Purpose of the grant	To incentivise provincial social sector departments identified in the 2012 Social Sector EPWP Log-frame to increase job creation by focusing on the strengthening and expansion of social service programmes that have employment potential.
Amount per amended DORA	R13,780,000
Amount received (R'000)	R13,780,000
Reasons if amount as per DORA was not received	Full amount received
Amount spent by the department (R'000)	R13,699,000
Reasons for the funds unspent by the department	A minimal amount was not spent, caused by a link code error
Monitoring mechanism by the receiving department	Adherence to reporting requirements of DORA, including inter alia in year monitoring reporting and monitoring processes, monthly certification of financial returns, quarterly certification of predetermined objectives, ongoing reviews with National Department Grant Managers.

Expanded Public Works Programme Integrated Grant for Provinces

Department who transferred the grant	Public Works (Vote7)
Purpose of the grant	To incentivise provincial departments to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the EPWP guidelines.
Amount per amended DORA	R1,000,000
Amount received (R'000)	R1,000,000
Reasons if amount as per DORA was not received	Full amount received
Amount spent by the department (R'000)	R1,000,000
Reasons for the funds unspent by the department	All funds expended.
Monitoring mechanism by the receiving department	Adherence to reporting requirements of DORA, including inter alia in year monitoring reporting and monitoring processes, monthly certification of financial returns, quarterly certification of predetermined objectives, ongoing reviews with National Department Grant Managers

Nursing Colleges and Schools Grant

Department who transferred the grant	Health (Vote 16)
Purpose of the grant	To supplement provincial funding of health infrastructure to accelerate the provision of health facilities including office furniture and related equipment, and to ensure proper maintenance of provincial health infrastructure for Nursing Colleges and schools.
Expected outputs of the grant	Number of Nursing Colleges and schools, planned, designed, constructed, maintained and operationalized
Amount per amended DORA	R14,660,000
Amount received (R'000)	R14,660,000
Reasons if amount as per DORA was not received	Full amount received
Amount spent by the department (R'000)	R12,394,000
Reasons for the funds unspent by the department	The department has applied for rollovers of the unspent portion, which relates to the renovations and repairs work at institutions in various parts of the Province, including inter-alia the East London Campus, Andre Vosloo, PE Campus and temporary learning platforms procured for the All Saints and Queenstown Campuses respectively.
Monitoring mechanism by the receiving department	Adherence to reporting requirements of DORA, including inter alia in year monitoring reporting and monitoring processes, monthly certification of financial returns, quarterly certification of predetermined objectives, ongoing reviews with National Department Grant Managers.

National Health Insurance Grant

Department who transferred the grant	Health (Vote 16)
Purpose of the grant	Test innovations necessary for implementing the National Health Insurance: - to undertake health system strengthening initiatives and support selected pilot districts in implementing identified service delivery interventions; - to strengthen the resource management of selected central hospitals.
Expected outputs of the grant	- Enhanced managerial autonomy, delegation of functions and accountability in districts and health facilities. - Provision for a scalable model, including the required institutional arrangements, for a district health authority (DHA) as the contracting agency. - Linkages between health service management and administration and how it relates to the functions and responsibilities of DHAs. - Provision of models for contracting private providers that include innovative arrangements for harnessing private sector resources at a primary health care level. - Provision for a rational referral system based on a re-engineered primary health care platform with a particular focus in rural and previously disadvantaged areas. - Provision of a model for revenue collection and management model for identified central hospitals
Amount per amended DORA	R11,500,000
Amount received (R'000)	R11,500,000
Reasons if amount as per DORA was not received	Full amount received
Amount spent by the department (R'000)	R8,094,000
Reasons for the funds unspent by the department	The department has applied for rollovers of the unspent portion of the Grant. The underspending is attributable to lengthy processes resulting in revisions of the business plan which was finally approved on the 28th of November 2012. The procurement of the equipment stems from the launch of the Facility Improvement Teams (FIT) Project, which was launched at the end of the third quarter.
Monitoring mechanism by the receiving department	Adherence to reporting requirements of DORA, including inter alia in year monitoring reporting and monitoring processes, monthly certification of financial returns, quarterly certification of predetermined objectives, ongoing reviews with National Department Grant Managers.

Africa Cup of Nations: Medical Services Grant

Department who transferred the grant	Health (Vote 16)
Purpose of the grant	To provide health and medical services at the 2013 Africa Cup of Nations (AFCON) championship.
Amount per amended DORA	R3,000,000
Amount received (R'000)	R3,000,000
Reasons if amount as per DORA was not received	Full amount received
Amount spent by the department (R'000)	R2,353,000
Reasons for the funds unspent by the department	The grant underspent as a result of less overtime expenditure having been incurred than anticipated.
Monitoring mechanism by the receiving department	Adherence to reporting requirements of DORA, including inter alia in year monitoring reporting and monitoring processes, monthly certification of financial returns, quarterly certification of predetermined objectives, ongoing reviews with National Department Grant Managers.

6.7. Donor Funds

The following are the Department's National and International donors:

Japanese International Development Cooperation Agency (JICA):

JICA supported a project to strengthen medical equipment maintenance management. The funding is in the form of a technical assistant (personnel) based in the Department to assist with the development of a model on the maintenance and management of medical equipment. The Department does not take responsibility for the financial implications incurred by the technical assistant. The support has been effective since it is mainly the transfer of skills from the Japanese medical equipment expert to the local personnel.

Sabona Foundation – (formerly The Fred Hollows Foundation – South Africa):

A Memorandum of Agreement (MOU) was entered into between the department and the “The Fred Hollows Foundation of South Africa” to create a sustainable eye- care programme that ensure rendering of a comprehensive eye-care service package consistent with the level of care of each partner institution in the Eastern Cape Province. The foundation operates in five sites, St Elizabeth Hospital; Frontier Hospital; East London Complex; PE Complex; and these form the critical part of the province's five eye-care nodal points of the foundation.

The programme provides comprehensive eye-care services and includes high volume cataract surgery, glaucoma and refractive error, training of doctors and nurses in cataract surgery; hospital-based outreach services provided by the ophthalmologists and community-based outreach services aimed at primary health care services.

An addendum to the MOU incorporates the optic laboratory for the cutting of lenses at the Frontier hospital Sabona Sonke eye care centre.

Chamber of Mines of South Africa:

The Chamber of Mines initiated a project for the “Ex-mineworkers” to strengthen the ability of various hospitals to offer medical examinations to ex-mineworkers and the project was first rolled out to Sir Henry Elliot hospital. The project is for a period of two years beginning from ending in of May 2013.

As part of the agreement, the Chamber of Mines will provide equipment and services for the use of the new occupational health centre at Sir Henry Elliot hospital and will second certain staff members to the hospital including an occupational health-nurse and an administrative assistant.

Foundation for Professional Development:

The foundation for Professional Development is a project that provides human resources and operating support at specific HIV/AIDS/TB/VCT sites to complement the existing resources of the department with the aim of increasing the number of people being treated for HIV, receiving support of wellness programmes and receiving ART or TB treatment.

Italian Co-Operation:

The department entered into an agreement with the Italian Co-Operation. The project focuses on communicable diseases, especially on TB, HIV and AIDS.

As part of the Technical support, the Italian Co Operation donated equipment to OR Tambo to support TB HIV& Aids activities. It has also donated four motor vehicles for the TB outreach programme.

The other donated equipment includes two additional vehicles which are in the process of being accepted by the Superintendent General.

European Union:

The European Union has a long standing partnership with the department which spans over a number of years for the delivery of primary health care programmes. Funds received from the donor were utilised towards strengthening delivery of primary health care services supporting Non-Profit Organisations (NPO) who have partnered with the department to provide primary health care services.

6.8. Capital investment, maintenance and asset management plan

Infrastructure projects

The Table below shows infrastructure projects that are currently in progress. Please refer to Health Facilities Management section of the Annual Report on page 219 for all completed projects.

DISTRICT	PROJECT NAME	START DATE	EXPECTED COMPLETION DATE	PROGRESS
ALFRED NZO	(Mkhemane Clinic (Replacement))	2008/9	28 July 2013	Construction 76% - 99%
	RSDP - Khutsong Hospital (replacement)	2009/10	July 2016	Tender-and a contract awarded.
Chris Hani	Ngqwaru (new)	2006/7	01 March 2014	Retention Stage.
	Frontier Equipment (new)	01 May 2011	31 March 2014	Construction 26% - 50%
	St Patricks Hospital - Upgrading CAS/OPD, Maternity, (Replacement)	01 June 2011	01 May 2014	Construction 76% - 99%
O.R. TAMBO	Bumbane (replacement)	2011/12	14 May 2014	Tender
	RSDP - Siphetu Hospital	16/01/2013	10 May 2016	Construction 1% - 25%
	RSDP - Nessie Knight Hospital (Replacement)	01/10/2012	01 Sept 2016	Construction 1% - 25%
	Madwaleni Hospital: g/way Clinic (new)	19.02/2013	01 June 2014	Construction 1% - 25%
	Malephelephe (new)	2007/08	October 2014	Construction 1%- 50%
	Sibeni Clinic (replacement)	01 May 2011	31 October 2013	Construction 26% - 50%
	St Elizabeths Hospital: Equipment (Replacement)	01 June 2010	01 Sept 2013	Construction 76% - 99%
	St Patricks Hospital: Equipment (Replacement)	01 May 2011	2014/15	Construction 76% - 99%
	Mvezo Clinic (new)	January 2011/12	13 August 2013	Retention

DISTRICT	PROJECT NAME	START DATE	EXPECTED COMPLETION DATE	PROGRESS
AMATOLE	Frere Hospital - New Oncology Unit Equipment	04/01/2013	31/01/2014	Construction 1% - 25%
	Zazulwana Clinic Repairs	07 Nov 2012	2013	Construction 1% - 25%
CACADU	Cloete Joubert Hospital Building Repairs and Maintenance	01 November 2012	13 June 2013	Identified

Closing and/or down-grading of health facilities

There were no health facilities planned for closure or down-grading.

Major maintenance projects and progress made on the maintenance of infrastructure

At the beginning of the FY under review, the DOH health facilities maintenance portfolio was allocated to the Coega Development Corporation (Pty) Ltd (CDC) as an implementing agent (IA), which in turn contracted four facility management companies. The scope of works for the maintenance of healthcare facilities and equipment varies from electrical, mechanical, electronics, sanitation, water, landscaping and civils in the Province. The province was sub-divided into four maintenance clusters, each cluster serviced by one of the four appointed service providers as shown in the Table below:

Cluster No	Districts Municipalities	Service provider
1	ORTambo and A Nzo	Aurencon Superway
2	Joe Gqabi and Chris Hani	Drake & Scull
3	Amathole and Buffalo City Metro	Maximaglobal Engineering
4	NMMM and Cacadu	FM Solutions & IDC

Progress made on the Maintenance Portfolio

A total of 722 clinics, 42 Community Health Facilities (CHCs), and 66 hospitals was covered and maintained on the current financial period. Additional adhoc general maintenance projects to the total of 280 was also attended to by the Implement Agent. The scope of works includes the following; electrical, plumbing, building, HVAC, Mechanical Systems, Kitchen Equipment, Refrigeration, Boiler, Shop Fittings, Carpentry, and Fire and Safety.

Developments relating to the above that are expected to impact on the department's current expenditure.

During the 2012/13 financial year, huge strides were made in implementing a new maintenance initiative, during which time a new Implementing Agent, Facility Managers and Professional Service Providers (PSPs-consultants and contractors appointed on term contracts) per cluster were appointed. In terms of the programme scope and brief for the maintenance function the Implementing Agent and Facility Managers were required to compile a room data sheers and conditional assessment (high level and detailed) per facility. Call Centres were established and operationalized to handle all emergency, urgent and minor maintenance needs.

Progress made in addressing the maintenance backlog

Whilst significant progress has been made on Maintenance Portfolio under the Coega Development Corporation (see section on Health Facilities Management pages 219) however, challenges are experienced around maintenance across the board. Challenges are experienced around maintenance of Sewerage Plants, Power Generators, Water Boilers, Medical Equipment and Electro-Mechanical Works. There is continued shortage of funding on scheduled and adhoc maintenance of health facilities. This challenge is mainly aggravated by the following:

- The equitable share budget allocation is reduced every year to accommodate other departmental priorities
- First line maintenance strategy (preventative maintenance) should be done at the facility level and much organisational development and management is required to support this. However, the funds allocated for this purpose are generally used for crisis management
- The department need to complete its existing commitments (contracted) on new / upgrades projects to release more funds for maintenance and refurbishment of existing infrastructure and
- Generally, maintenance activities had not been addressed for some years now; the maintenance backlog has now escalated to larger refurbishment and upgrading projects

Plans to address the challenges within Health Facilities Management and Executive Management Team (EMT) are underway. On scheduled maintenance of Medical Equipment; the BAC is in the process of awarding a contract to a qualifying service provider.

Table below: Infrastructure Expenditure trends for the financial years 2011/12-2012/13

Infrastructure projects	2012/2013			2011/2012		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
New and replacement assets	R 209 341	R 204 449	R 4892	R 317 117	R 349 075	R 31958
Existing infrastructure assets	R 1 051 819	R 1 023 964	R 49065	R 870 874	R 914 775	R195 669
Upgrades and additions	R 581 789	R 543 329	R 38460	R 529 577	R 626 637	(R97060)
Rehabilitation, renovations and refurbishments	R 77 432	R 78 431	(R999)	R 102 684	R 26 800	R 75884
Maintenance and repairs	R 392 598	R 402 204	(R9606)	R 238 613	R 261 338	(R 22725)
Infrastructure transfer						
Current						
Capital						
Total	R 1 261 160	R1 228 413	R 53 957	R 1 187 991	R 1 263 850	R227 627

PART C



GOVERNANCE

1. INTRODUCTION

Good governance is critical in ensuring that we meet our commitment to enhancing sustainability and that we are able to render a quality health service that meets our stakeholders' expectations.

The department is committed to Good Corporate Governance practices and endeavours at all times to support those processes that contribute towards strengthening governance. As a result, we have and continue to make significant progress in implementing structures, policies and procedures that contribute towards good governance within the department.

2. RISK MANAGEMENT

In line with the recommendations of the Audit Committee in 2011/12, the department has established a Risk Committee. The Committee has adopted a formal Charter which serves as its approved Terms of Reference. The Charter has been approved by the Superintendent General of the Eastern Cape Department of Health. The Committee is chaired by a non-executive person from outside the department. Membership includes members of executive management, representatives from the Auditor General, Audit Committee and Provincial Treasury.

The activities of the enterprise risk management unit are guided by an approved risk management framework, guidelines and methodology.

The Risk Committee (RiskCo) was established to support the Executive Management Team to improve its efficiency and assist it in discharging its responsibility which is to ensure implementing, monitoring and reporting on the departments' strategy.

A close working relationship exists between the Executive Team, Audit Committee and Risk Committee.

All members of the Executive Team are standing invitees to the Risk Committee and one non-executive member of the Audit Committee sits in the Risk Committee. This process helps to ensure that overlapping responsibilities are dealt with in an efficient manner.

The RiskCo is responsible for:

- Reviewing the risk management policy and strategy and recommend for approval by the Accounting Officer;
- Reviewing the risk appetite and tolerance and recommend for approval by the Accounting Officer;
- Reviewing the Department's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register;
- Evaluating the effectiveness of mitigating strategies to address the material risks of the Department;
- Reviewing any material findings and recommendations by assurance providers (including but not limited: Auditor general, Internal Audit etc.) on the system of risk management and monitor that appropriate action is instituted to address the identified weaknesses;

Fraud prevention

1. Reviewing the fraud prevention policy and plan and recommend for approval by the Accounting Officer;
2. Evaluating the effectiveness of the implementation of the fraud prevention policy and plan;

In the current year most of the effort of the Risk Unit has been on gathering and evaluating the portfolio of evidence on mitigating strategies implemented by the Department to address the Top 10 risks of the Department. The adequacy of the evidence was evaluated by the committee with the functional team members

(Finance, Clinical, Human Resource Management and Strategic Planning). The results of the evaluation indicated that although there are significant good faith efforts put in place by management to mitigate risks, a lot of work still remains to be done to ensure that risk management is practiced continuously and that a culture of risk management is embedded in the daily activities of all employees of the department.

In the ensuing year, greater focus will be spent on ensuring that mitigations are effective, efficient and economical and are consistently implemented. Increased training and awareness workshops on Risk Management are planned for all districts in the 2013/14 financial year.

3. FRAUD AND CORRUPTION

An approved Fraud Prevention Policy is in place. The Policy encompasses a Fraud Prevention Plan, Fraud Policy Statement, Fraud Response Plan and a Whistle Blowing Policy.

The Audit Committee and the Risk Management Committee oversee and monitor implementation of the Fraud Prevention Strategy.

The department encourages its stakeholders to report matters of fraud to the Provincial fraud hotline and the call centre/ hotline of the department, which act as whistleblower mechanisms available to all employees of the department, patients and the public at large to report fraudulent and unethical behaviour of any nature (including unethical medical behaviour). These channels ensure the anonymity of all information received and the protection of the employees reporting these incidents.

The department's Fraud Prevention Policy outlines a "zero tolerance" approach towards fraud and corruption. Accordingly all identified matters that have a criminal element are reported to the South African Police Services and any other appropriate law enforcement agency.

The fraud hotline is but one of the mechanisms available to employees, suppliers, patients and the public to report incidents of fraud and corruption. Internal and External parties can contact the departments' forensic unit by telephone, email or request a meeting. The specialised forensic investigations department resides within the Internal Audit Unit, and reports directly to Chief Audit Executive.

All incidents reported on the fraud hotline are logged onto a case register and are investigated. Regular feedback is sent to the Office of the Director General at the Eastern Cape Office of the Premier. The status with regards to attending to reported cases is also reported on to the Audit Committee at its regular meetings.

Following the recommendations of some of our investigations, a number of matters have been reported to the police for criminal investigations and follow up. Similarly, a number of matters have been referred to the labour relations unit for the appropriate disciplinary processes to take place on implicated employees.

The department has registered many successes on forensic matters. These have come either in the nature of recoveries, registering a criminal matter with the SAPS for further follow up or effecting dismissals on all individuals implicated in illegal activities.

We have similarly concluded settlement agreements with some service providers where a decision has been taken not to pay or where a lesser amount based on actual delivery has been agreed upon.

These actions have helped to ensure that the Specialised Forensic Unit acts as a deterrent to would be fraudsters. To further enforce our zero tolerance standpoint to fraud and corruption, the department has established a dedicated whistleblower line where whistle-blowers can phone in to report allegations. The number is toll free and operates 24 hours a day. The toll free number is 0800 00 67 93.

In the 2013/14 financial year; increased effort will be spent on marketing the whistleblowing line including the departments' successes in combatting corrupt activities.

Ensuring that all reported irregularities are followed up and investigated is a challenge to the department, given its current financial position. However, the department is engaged with inter-governmental support through the Multi Agency Workgroup (MAWG), and is also seeking ways to recover monies on investigations performed.

4. MINIMISING CONFLICT OF INTEREST

The department adheres to a strict code of conduct and discourages its employees from trading with the department.

A process of minimising conflicts of interest is in place and enforced. Such a process involves:

- a. The department conducting data analysis between the BAS and PERSAL systems to identify potential violations of the code of conduct;
- b. Employees declaring the entities they own or have shares in and whether these entities have traded with the department.

All disclosures are analysed to identify direct and indirect interests. Where a conflict or potential conflict is identified, the matter is drawn to the attention of the employee by way of written communication in terms of Chapter 3 paragraph G.1 of the of the Public Service Regulations. The employee is in this regard required to disclose:

- c. The extent of his/her involvement in the entities;
- d. Whether he/she has performed any approved work outside their normal duties for the stated entities; and whether
- e. The involvement in the entities leads to any actual conflicts of interest in relation to their official duties.

Responses to such are thoroughly analysed to ensure no conflict has arisen or that where such has occurred, appropriate disciplinary steps are taken.

5. CODE OF CONDUCT

The reputation and standing in the community of a public health organisation is one of the most valuable assets it has. This reputation and standing will be affected not only by formal policies and procedures, but also by the decisions management take. The manner in which the management and staff conduct themselves will impact on the standing of the Department.

In carrying out their duties, Management and staff are by the very fact of their appointment trustees for the provision of quality health care. Management and staff have a duty and responsibility, both in law, and in the public interest to act ethically and to uphold their position of trust in relation to their department and to the communication we serve.

The department is committed to create an environment that is conducive for effective and efficient service delivery. That environment is geared towards enhancing the consistent application of the Disciplinary Code, Grievance Procedure and Code of Conduct within the Department. The Department has established policies and guidelines to support the activities of all service delivery units and has introduced standards for the investigation of fraud, corruption and maladministration. The established conduct and disciplinary standards are being reinforced through awareness campaigns and information sharing sessions throughout the districts. The Department has declared a zero tolerance on fraud and corruption including maladministration. This commitment is evidenced through the number of disciplinary cases that are managed according to the different case profiles.

The Department will ensure that all policies, procedures, processes and practices include a clause to warn management and employees about the implications of not adhering to the policies, procedures, processes and practices of the Department.

The Department must also ensure, the continuous revision of the Code and training to ensure compliance with PFMA, Treasury Regulations, Public Service Act, Public Service Regulations and Collective Agreements reached in both PSCBC and PHSDSBC

The context in which labour relations is exercised is continuously evolving. The orientation of the department is to move towards stronger management practices in order to bring about a more responsive approach to labour relations, which will include a greater level of accountability. An integrated strategic management approach and a cultural shift are both required to establish a strategic agenda and to have effective labour management relationships. This strategic approach will provide for a more responsive labour relations culture in the department.

In terms of renewing the foundation of labour relations, the department will make improvements by

- Clarify roles and responsibilities between employee relations Practitioners and Line Managers in the management of discipline and conflict management.
- Realign the delegation of grievance levels and increasing management accountabilities.
- The Institutional Transformation Units throughout the organization will be reviewed with a view to increase effectiveness at all levels of the organization.
- Dialogue and engagement with unions in various forums will be focused to move from a more transactional approach to a more strategic results-oriented approach.
- Mandatory training for managers in labour relations will be provided in order to afford a better understanding and resolve conflict at the lowest level which in turn should positively influence labour relations at all levels of the organization.
- Rigorous processes will be put into place to support compliance in the areas of grievance and dispute management, discipline management and the Code of conduct and ethical behaviour.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Overall Departmental compliance with the Occupational Health and Safety Act No. 85 of 1993 is inconsistent across the province and poor. Exposure of employees, patients and communities to infection and injuries is critical due to:

- Poor infrastructure,
- Poor maintenance of emergency/medical equipment,
- Lack of dedicated staff in facilities to emphasize compliance to health and safety protocols and regulations on a constant and continuous basis,
- Unavailability and improper utilisation of Personal Protective Clothing and Equipment and
- Poor implementation of emergency drills for evacuation and disaster management.

The Department of Health has a legal requirement of complying with the National Environmental Management Act (NEMA), Act no 107 of 1998. The compliance is required in various aspects of environmental management related areas which include the following: hazardous substances management, water resources management, sanitation and hygiene, port health services, outbreak response and preparedness and malaria and vector control. All these aspects are covered in the environmental management plan (EMP) which the legislated authority in complying with the requirements of NEMA is the NDOH but Provinces and their Municipalities are the main implementers of the environmental management functions in the Department.

The Department has made some strides in complying with National Environmental Management Act, 107 of 1998, all the water services authority (WSAs) have water sampling points including public health facilities where

water samples are collected on a monthly basis and water quality reports are reported, in terms of port health services all the designated ports of entry have port health officers, on sanitation and hygiene, the EHPs at both District Municipality and Metro levels are implementing health and hygiene strategy. As a preventative measure in Malaria control all the air craft coming from malaria and yellow fever endemic countries without proof of fumigation are sprayed on arrival. There are challenges in some aspects of the EMP such as the Outbreak response committee which does not meet frequently as required.

7. INTERNAL CONTROL UNIT

- Pre-audit services have been rendered throughout the financial year, despite capacity constraints
- Irregular expenditure, fruitless and wasteful expenditure has been detected and reported to Provincial Treasury on a monthly basis. There have been challenges on returns of these expenditures, thus resulting to under-reporting which is usually reported by AGSA.
- Applications for condonation of irregular expenditure have been presented to BAC and approved
- Applications for condonation of fruitless and wasteful expenditure have been presented to Financial Misconduct Committee for recommendation and approved by Accounting Officer
- Documentary evidence in support of financial management misconduct allegations has been submitted to Employment Relations Directorate with the intention of assisting on disciplinary cases.

8. AUDIT COMMITTEE REPORT

Introduction

We are pleased to present our report for the financial year ended 31 March 2013.

Committee members and meetings

The committee is composed of five members. These are Mr. Trevor Harper CA (SA) (Chairperson), Dr. Bukelwa Mbulawa-Hans, MB Ch B, Mr. Kevin Pather CA (SA), Mr. Temba Zakuza CA (SA) CIA and Ms. Tracy Cumming CA (SA).

Member	04 May 2012	30 May 2012	29 June 2012	19 July 2012	31 Aug 2012	14 Sept 2012	03 Dec 2012	22 Mar 2013
Mr.T.Harper	P	P	P	P	P	P	P	P
Dr.B Mbulawa-Hans	P	P	P	P	P	P	P	P
Mr.K.Pather	A	A	P	P	P	P	P	P
Mr.T.Zakuza	P	P	P	A	A	P	P	P
Ms.T.Cumming	P	P	P	P	P	P	A	P

Key

- P = Present
A = Apology

Audit Committee Responsibility

The Audit Committee reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter in line the PFMA section 76(i)(a) read with Treasury Regulation 3.1.8. The Committee has regulated its affairs in compliance with this Charter, and has discharged its responsibilities as contained therein.

Duties and responsibilities

The Audit Committee is responsible for the review of the following:

- The effectiveness of the internal control systems;
- The effectiveness of the internal audit function;
- The risk areas of the Department's operations.
- The adequacy, reliability and accuracy of the financial information provided to management and other users of such information;
- Any accounting and auditing concerns identified as a result of internal and external audits;
- The Department's compliance with legal and regulatory provisions;
- The activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant recommendations and the responses of management to these recommendations;
- Responsiveness of the Internal Audit coverage plan to the outcome of risk assessment and the three year rolling plan; and
- The scope and results of the external audit function, its cost-effectiveness, as well as the independence and objectivity of the external auditors.

The Audit Committee is also responsible for:

- Reporting to the Department and the Auditor General where a report implicates any member(s) or the Accounting Officer in fraud, corruption or gross negligence;
- Communicating any concerns it deems necessary to the Executive Authority and the Auditor General;
- Confirming/Approving the internal audit charter and internal audit plan;
- Recommending the Audit Committee Charter to the Accounting Officer for approval.
- Encouraging communication between, senior and executive management, Internal Audit department, Health Portfolio Committee and the Auditor General;
- Conducting investigations within its terms of reference; and
- Reviewing the Annual Financial Statements and Performance Information prior to the annual audit for approval by the Superintendent General.

We believe that we have complied with our responsibilities.

Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the department revealed certain weaknesses, which were then raised with the Department.

Internal Audit has reported that the controls were found to be partially adequate and in certain instances ineffective during the year under review. The leadership of the Department will have to firm up processes to ensure that significant effort and resources are put in place to further enhance control improvement to ensure that for the next year, controls are improved both in terms of adequacy and effectiveness.

The following internal audit work was completed during the year under review:

- Support with implementation of various turnaround plans in the following areas:
 - o ICT
 - o Clinical Services
 - o Financial Management
- CAATS – various processes identified and exception reports were generated for management action
- Verification of leave gratuity and other human resources accruals prior to payment for deceased, retiring and other employees exiting the system.
- Data Analysis – Analysis conducted to identify incidences of conflict of interest with findings communicated to management for immediate action.
- Compliance with laws and regulations – focus on compliance with laws pertaining to clinical services.
- Review of the Annual Performance Plan for alignment with goals and objectives.
- Auditing of performance information for alignment with Strategic Plan and APP.
- Review of the annual report for validity.

Internal Audit also supported with the establishment of a project management office through establishment and utilization of a web based tool which facilitated standardization and tracking of progress on assignments.

- The Committee has monitored and advised on the implementation of Turnaround Plans and has not been satisfied with the rate at which the plans were being implemented with some of the turnaround plans showing zero percent or little movement at the end of the financial year. Similarly the committee has not been satisfied with the commitment displayed by management towards ensuring implementation of these plans.
- Connectivity of the institutions remains a challenge and the acquisition of a virtual private network has not been achieved.
- The capacitation of the department remained a challenge with critical positions remaining unfilled for lengthy periods of time.
- Similarly the committee has been concerned about the tone and relationships at the executive level and has escalated the matter both to the Executive Authority and former Head of Department.

In-Year Monitoring and Monthly/Quarterly Report

The department has reported monthly and quarterly to the Treasury as is required by the PFMA. The Audit Committee has reviewed the reports of Internal Audit and has not been satisfied with the figures for projected overspending as the figures appeared clouded with commitments and accruals which had not been properly accounted for and reported on.

Performance Information

The committee has evaluated performance reports submitted by the department and has not been satisfied with both the quality and the effectiveness of the performance monitoring and reporting system. Similarly, the committee has noted the reports of Internal Audit on their review of the Annual Performance Plan and has also not been satisfied that the goals and objectives are properly aligned neither were the indicators SMART in all the instances.

Internal Audit Function

The committees' role is to coordinate and monitor the activities of the internal audit function. The committee is able to report on the effectiveness and efficiency of the unit. Although the Internal Audit Unit remains operating at less than 50% of the approved capacity, the technical capacity has been enhanced by the co-sourced arrangement with a consortium consisting of PricewaterHouseCoopers, SizweNtsalubaGobodo and Umnombo

Consulting Consortium. The contract with the Consortium ended on the 14th September 2012 and the committee will continue to monitor measures put in place by the department to build the capacity of the Internal Audit Unit.

The Internal Audit Unit has issued a number of reports containing recommendations to be implemented to improve weaknesses in Internal Controls. These recommendations should be implemented by the Department or management should accept the risk inherent in not implementing such recommendations.

Risk management function

Risk Management is a proactive discipline that involves scenario planning and is intended to provide reasonable assurance that the department will achieve its objectives.

In the 2011/12 financial year the audit committee recommended that a Risk Committee (RiskCo) should be established by the department. The committee is pleased that the recommendation has been taken heed of. A Risk Committee is in place and it operates with approved terms of reference which have been endorsed by the executive management of the department.

The Committee will continue to monitor the activities of the Risk Committee through the reports submitted quarterly by the Chair of the RiskCo.

Furthermore, the committee is concerned about the capacity of the Forensic Unit; this taking into account the number of allegations of fraud and corruption reported to and being investigated by the Department. The Department needs to build on the existing capacity to ensure investigations are conducted and concluded in a timely manner.

Evaluation of Annual Financial Statements and Performance Information

Special audit committee meetings were held on the 24th and 30th May 2013 to review the draft financial statements and annual report to be presented to Provincial Treasury and Auditor General on the 31st May 2013. The Committee performed a high level review of the financial statements that was based on enquiry from the Acting Chief Financial Officer as to the completeness, accuracy and validity of balances and transactions within the financial statements. In addition, the accounting policies were reviewed and recommendations made as necessary. Following this Audit Committee review of the financial statements recommendations were made with regards to significant adjustments that are required to the format as well as the presented figures.

As at the date of the review the Audit Committee had not received the complete performance information report and is therefore unable to report on the performance information.

Following our review of the Annual Financial Statements the Audit Committee recommended that these documents be submitted to the Auditor General for auditing.

Conclusion

The Audit Committee has monitored Management's implementation of the recommendations of Internal Audit and the Auditor General, and is concerned about the low levels and pace of response in relation thereto. This concern has also been taken up with the Executive Authority.

The Leadership of the Department will have to fast track implementation of management plans and Internal Audit recommendations to deal with the weaknesses within the Department towards the achievement an unqualified audit and eventually a clean audit.

The Audit Committee accepts the Auditor Generals' findings in terms of the audit. Although the audit opinion remains qualified, there are indications that the Department is improving in certain operational areas. The Audit Committee, however, believes that there is still significant work to be done on both the systems as well as the structures within the Department before an unqualified opinion is received. The Internal Audit, Risk and Forensic Units remain understaffed and management is encouraged to look into the capacitation of the units to ensure support to the finance, strategic and clinical clusters of the department is enhanced.



JOSEPH TREVOR HARPER CA (SA)
Chairman of the Audit Committee
Eastern Cape Department of Health
31 July 2013

PART D



HUMAN RESOURCE MANAGEMENT

1. LEGISLATURE THAT GOVERN HR MANAGEMENT

The information provided in this part is prescribed by the Public Service Regulations (Chapter 1, Part III J.3 and J.4).

2. INTRODUCTION

HR matters, challenges and achievements are presented in Part B Section 13.

Policy development

This is discussed in sections 3.4 of Part B of this report.

3. HUMAN RESOURCE OVERSIGHT STATISTICS

3.1. Personnel related expenditure

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services Expenditure (R'000)	Personnel Expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Programme 1	535568	290,597	21,332	0	54.3	8
District health services	7,953,629	5,491,541	119,992	0	69	139
Emergency medical service	619,525	366 492	13,332	0	59.2	9
Provincial hospital services	3,979,016	3,145,076	13,332	0	79	80
Central hospital services	657170	179,833	13,332	0	27.4	5
Health science & training	579,521	312,872	66,662	0	54	8
Health care and support serv	84,309	35,154	13,332	0	42	1
Health facilities dev&maint	1,192,168	7,575	5,333	0	0.6	0
TOTAL	15,600,906	9,827,472	266,649	0	63	249

Table 3.1.2 Personnel costs by salary band

Salary band	Personnel Expenditure (R'000)	% of total personnel cost	No. of employees	Total Personnel Cost of Department including Goods and Transfers (R'000)	Number of Employees
Lower skilled (Levels 1-2)	536,008	5.4	104,832	9,911,463	5113
Skilled (Levels 3-5)	2,138,292	21.6	146,438	9,911,463	14602
Highly skilled production (Levels 6-8)	2,123,963	21.4	233,968	9,911,463	9078
Highly skilled supervision (Levels 9-12)	3,755,334	37.9	454,641	9,911,463	8260
Senior management (Levels 13-16)	253,047	2.6	1,041,346	9,911,463	243
Contract (Levels 1-2)	100,040	1	145,407	9,911,463	688
Contract (Levels 3-5)	12,387	0.1	152,926	9,911,463	81
Contract (Levels 6-8)	143,237	1.4	232,906	9,911,463	615
Contract (Levels 9-12)	460,311	4.6	677,925	9,911,463	679
Contract (Levels 13-16)	70,815	0.7	1,416,300	9,911,463	50
Periodical Remuneration	14,916	0.2	210,085	9,911,463	71
Abnormal Appointment	230,762	2.3	25,179	9,911,463	9165
TOTAL	9,839,112	99.3	202264	9911463	48645

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid		Total Personnel Cost per Programme (R'000)
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs	
Programme 1: Administration	206370	66.5	8157	2.6	7020	2.3	10947	3.5	310383
Programme 2: District Health Services	3832166	69.1	109159	2	216243	3.9	249490	4.5	5546859
Programme 3: Emergency Medical Services	236371	65.4	17708	4.9	18171	5	29544	8.2	361570
Programme 4: Provincial Hospital Services	2341099	69.8	204941	6.1	118564	3.5	148776	4.4	3354260
Programme 6: Health Science & Training	202401	68.9	4981	1.7	7744	2.6	8481	2.9	293792
Programme 7: Health Care Support Services	25922	73.1	1	0	1469	4.1	1738	4.9	35456
Programme 8: Health Facilities Management	7360	80.5	383	4.2	189	2.1	173	1.9	9143
TOTAL	6851689	69.1	345330	3.5	369400	3.7	449149	4.5	9911463

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Lower skilled (Levels 1-2)	362205	67.5	424	0.1	52264	9.7	43280	8.1
Skilled (Levels 3-5)	1477284	68.6	18763	0.9	150180	7	169555	7.9
Highly skilled production (Levels 6-8)	1531370	71.7	17973	0.8	84142	3.9	121140	5.7
Highly skilled supervision (Levels 9-12)	2705377	71.3	145184	3.8	74129	2	108170	2.9
Senior management (Levels 13-16)	165993	64.4	46893	18.2	3728	1.4	2227	0.9
Contract (Levels 1-2)	88812	88.8	0	0	3214	3.2	2970	3
Contract (Levels 3-5)	10051	81	1	0	714	5.8	322	2.6
Contract (Levels 6-8)	133794	92.7	233	0.2	239	0.2	386	0.3
Contract (Levels 9-12)	324721	70.4	103506	22.4	603	0.1	778	0.2
Contract (Levels 13-16)	51592	71.5	12355	17.1	187	0.3	322	0.4
Periodical Remuneration	0	0	0	0	0	0	0	0
Abnormal Appointment	491	0.2	0	0	0	0	0	0
TOTAL	6851690	69.1	345332	3.5	369400	3.7	449150	4.5

3.2. Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 3.2.1 Employment and vacancies by programme

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Prg8: Health Facilities Management, Permanent	25	21	16	0
Prg7: Health Care Support Services, Permanent	172	159	7.6	0
Prg6: Health Sciences & Training, Permanent	1660	1131	31.9	0
Prg4: Provincial Hospital Service, Temporary	48	76	-58.3	0
Prg4: Provincial Hospital Service, Permanent	14035	12656	9.8	6
Prg3: Emergency Medical Services, Permanent	1884	1828	3	0
Prg2: District Health Services, Temporary	146	182	-24.7	17
Prg2: District Health Services, Permanent	28068	22655	19.3	677
Prg1: Administration, Permanent	765	701	8.4	1
TOTAL	46803	39409	15.8	701

Table 3.2.1 Employment and vacancies by programme

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (Levels 1-2), Permanent	5780	5144	11	136
Lower skilled (Levels 1-2), Temporary	14	14	0	1
Skilled (Levels 3-5), Permanent	16639	14564	12.5	226
Skilled (Levels 3-5), Temporary	22	22	0	6
Highly skilled production (Levels 6-8), Permanent	11326	8973	20.8	212
Highly skilled production (Levels 6-8), Temporary	54	80	-48.1	1
Highly skilled supervision (Levels 9-12), Permanent	10390	8115	21.9	93
Highly skilled supervision (Levels 9-12), Temporary	103	141	-36.9	9
Senior management (Levels 13-16), Permanent	361	242	33	1
Senior management (Levels 13-16), Temporary	1	1	0	0
Contract (Levels 1-2), Permanent	688	688	0	0
Contract (Levels 3-5), Permanent	81	81	0	0
Contract (Levels 6-8), Permanent	615	615	0	4
Contract (Levels 9-12), Permanent	679	679	0	7
Contract (Levels 13-16), Permanent	50	50	0	5
TOTAL	46803	39409	15.8	701

Table 3.2.3 Employment and vacancies by critical occupations

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related, Permanent	616	569	7.6	12
All artisans in the building metal machinery etc., Permanent	212	185	12.7	0
Ambulance and related workers, Permanent	1777	1721	3.2	0
Artisan project and related superintendents, Permanent	14	13	7.1	1
Auxiliary and related workers, Permanent	1312	1023	22	7
Biochemistry pharmacol. zoology & life science .techni, Permanent	8	1	87.5	0
Boiler and related operators, Permanent	52	47	9.6	0
Building and other property caretakers, Permanent	103	92	10.7	4
Bus and heavy vehicle drivers, Permanent	12	11	8.3	0
Cartographic surveying and related technicians, Permanent	2	2	0	0
Chemists, Permanent	68	68	0	0
Cleaners in offices workshops hospitals etc., Permanent	5180	4749	8.3	190
Client inform clerks(switchb receipt inform clerks), Permanent	268	248	7.5	0
Communication and information related, Permanent	69	65	5.8	0
Community development workers, Permanent	4	4	0	0
Compositors typesetters & related printing workers, Permanent	2	2	0	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Computer programmers., Permanent	1	1	0	0
Conservation labourers, Permanent	31	31	0	0
Dental practitioners, Permanent	134	108	19.4	0
Dental practitioners, Temporary	4	6	-50	0
Dental technicians, Permanent	2	2	0	0
Dental therapy, Permanent	13	10	23.1	0
Dieticians and nutritionists, Permanent	148	108	27	0
Diplomats, Permanent	1	1	0	0
Electrical and electronics engineering technicians, Permanent	15	13	13.3	0
Emergency services related, Permanent	154	154	0	0
Engineering sciences related, Permanent	3	3	0	0
Engineers and related professionals, Permanent	9	9	0	0
Environmental health, Permanent	146	75	48.6	0
Farm hands and labourers, Permanent	43	43	0	0
Finance and economics related, Permanent	142	128	9.9	0
Financial and related professionals, Permanent	83	79	4.8	0
Financial clerks and credit controllers, Permanent	304	276	9.2	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Food services aids and waiters, Permanent	766	679	11.4	10
Food services workers, Permanent	8	8	0	0
General legal administration & rel. professionals, Permanent	1	0	100	0
Handymen, Permanent	1	1	0	0
Head of department/chief executive officer, Permanent	10	4	60	0
Health sciences related, Permanent	854	790	7.5	4
Home-based personal care workers, Permanent	1	1	0	0
Household and laundry workers, Permanent	1010	905	10.4	19
Household food and laundry services related, Permanent	6	5	16.7	0
Housekeepers laundry and related workers, Permanent	26	24	7.7	0
Human resources & organisat developm & relate prof, Permanent	77	71	7.8	0
Human resources clerks, Permanent	274	258	5.8	1
Human resources related, Permanent	278	263	5.4	0
Information technology related, Permanent	14	14	0	0
Inspectors of apprentices works and vehicles, Permanent	5	5	0	0
Language practitioners interpreters & other commun, Permanent	42	37	11.9	0
Legal related, Permanent	1	0	100	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Librarians and related professionals, Permanent	2	2	0	0
Library mail and related clerks, Permanent	72	65	9.7	0
Light vehicle drivers, Permanent	237	221	6.8	3
Logistical support personnel, Permanent	74	68	8.1	0
Material-recording and transport clerks, Permanent	176	159	9.7	1
Medical practitioners, Permanent	1684	1255	25.5	6
Medical practitioners, Temporary	149	196	-31.5	10
Medical specialists, Permanent	208	168	19.2	0
Medical specialists, Temporary	15	29	-93.3	0
Medical technicians/technologists, Permanent	37	31	16.2	0
Messengers porters and deliverers, Permanent	846	721	14.8	9
Middle managers, Permanent	1	1	0	0
Motor vehicle drivers, Permanent	46	45	2.2	9
Nursing assistants, Permanent	6493	5693	12.3	53
Occupational therapy, Permanent	162	108	33.3	0
Occupational therapy, Temporary	1	1	0	0
Optometrists and opticians, Permanent	13	10	23.1	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Oral hygiene, Permanent	25	22	12	0
Other administrat & related clerks and organisers, Permanent	1627	1422	12.6	57
Other administrat & related clerks and organisers, Temporary	1	1	0	1
Other administrative policy and related officers, Permanent	568	533	6.2	12
Other information technology personnel., Permanent	83	77	7.2	1
Other machine operators, Permanent	1	1	0	0
Other occupations, Permanent	245	245	0	0
Other occupations, Temporary	2	2	0	0
Pharmaceutical assistants, Permanent	24	24	0	0
Pharmacists, Permanent	471	369	21.7	21
Pharmacists, Temporary	11	11	0	5
Pharmacologists pathologists & related professional, Permanent	3	3	0	0
Physicists, Permanent	7	6	14.3	0
Physiotherapy, Permanent	195	136	30.3	0
Physiotherapy, Temporary	1	2	-100	0
Printing and related machine operators, Permanent	2	2	0	0
Probation workers, Permanent	1	1	0	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Professional nurse, Permanent	12699	9567	24.7	201
Professional nurse, Temporary	7	7	0	0
Psychologists and vocational counsellors, Permanent	75	62	17.3	0
Radiography, Permanent	430	355	17.4	2
Radiography, Temporary	3	3	0	1
Risk management and security services, Permanent	3	3	0	0
Road workers, Permanent	4	4	0	0
Safety health and quality inspectors, Permanent	24	22	8.3	0
Secretaries & other keyboard operating clerks, Permanent	392	374	4.6	5
Security guards, Permanent	48	48	0	2
Security officers, Permanent	6	6	0	0
Senior managers, Permanent	139	121	12.9	0
Shoemakers, Permanent	4	3	25	0
Social sciences related, Permanent	4	4	0	0
Social sciences supplementary workers, Permanent	5	5	0	0
Social work and related professionals, Permanent	129	117	9.3	0
Speech therapy and audiology, Permanent	63	48	23.8	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Staff nurses and pupil nurses, Permanent	3515	3183	9.4	51
Student nurse, Permanent	1191	692	41.9	0
Supplementary diagnostic radiographers, Permanent	44	44	0	1
Trade labourers, Permanent	229	199	13.1	2
TOTAL	46803	39409	15.8	701

3.3. Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.3.1 Job Evaluation by Salary band

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	5794	5794	100%	0	0	0	0
Contract (Levels 1-2)	688	0	0	0	0	0	0
Contract (Levels 3-5)	81	0	0	0	0	0	0
Contract (Levels 6-8)	615	0	0	0	0	0	0
Contract (Levels 9-12)	679	0	0	0	0	0	0
Contract (Band A)	27	0	0	0	0	0	0
Contract (Band B)	7	0	0	0	0	0	0
Contract (Band C)	16	0	0	0	0	0	0
Skilled (Levels 3-5)	16661	15577	93.5	0	0	0	0
Highly skilled production (Levels 6-8)	11380	9780	85.9	0	0	0	0
Highly skilled supervision (Levels 9-12)	10493	8441	80.4	0	0	0	0
Senior Management Service Band A	232	179	77.2	0	0	0	0
Senior Management Service Band B	29	18	62.1	0	0	0	0
Senior Management Service Band C	99	84	84.8	0	0	0	0
Senior Management Service Band D	2	2	100	0	0	0	0
TOTAL	46803	39875	85.2	0	0	0	0

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.3.2 Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiary	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability					0

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.3.3 Employees with salary levels higher than those determined by job evaluation by occupation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Chief Executive Officer	2	14	15	Retention
Senior Manager	1	13	14	Retention
	0	0	0	0
	0	0	0	0
Percentage of total employed				0

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.3.4 Profile of employees who have salary levels higher than those determined by job evaluation

Beneficiary	African	Asian	Coloured	White	Total
Female	1	0	1	0	0
Male	0	0	0	1	0
Total	1	0	1	1	3
Employees with a disability	0	0	0	0	0
Total Number of Employees whose remuneration exceeded the grade determined by job evaluation in 2012/13					-

3.4. Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations.

Table 3.4.1 Annual turnover rates by salary band

Salary Band	Number of employees at beginning of period-	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2), Permanent	5251	80	181	3.4
Lower skilled (Levels 1-2), Temporary	17	0	10	58.8
Skilled (Levels 3-5), Permanent	15028	261	646	4.3
Skilled (Levels 3-5), Temporary	31	0	6	19.4
Highly skilled production (Levels 6-8), Permanent	8909	330	543	6.1
Highly skilled production (Levels 6-8), Temporary	77	0	12	15.6
Highly skilled supervision (Levels 9-12), Permanent	8409	150	464	5.5
Highly skilled supervision (Levels 9-12), Temporary	152	0	29	19.1
Senior Management Service Band A, Permanent	80	3	9	11.3
Senior Management Service Band B, Permanent	85	2	2	2.4
Senior Management Service Band C, Permanent	13	2	1	7.7
Senior Management Service Band D, Permanent	1	0	0	0
Contract (Levels 1-2), Permanent	1021	0	83	8.1
Contract (Levels 3-5), Permanent	131	0	16	12.2

Salary Band	Number of employees at beginning of period-	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Contract (Levels 6-8), Permanent	738	300	349	47.3
Contract (Levels 9-12), Permanent	830	249	318	38.3
Contract (Band A), Permanent	18	1	16	88.9
Contract (Band B), Permanent	21	1	4	19
Contract (Band C), Permanent	3	0	5	166.7
Contract (Band D), Permanent	1	0	1	100
TOTAL	40816	1379	2695	6.6

Table 3.4.2 Annual turnover rates by critical occupation

Critical Occupation	Number of employees at beginning of period- April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related, Permanent	385	7	30	7.8
All artisans in the building metal machinery etc., Permanent	199	0	14	7
Ambulance and related workers, Permanent	1770	1	42	2.4
Artisan project and related superintendents, Permanent	15	1	1	6.7
Auxiliary and related workers, Permanent	1093	1	69	6.3
Biochemistry pharmacol. zoology & life scie.techni, Permanent	3	0	2	66.7
Boiler and related operators, Permanent	51	0	4	7.8
Building and other property caretakers, Permanent	102	0	10	9.8
Bus and heavy vehicle drivers, Permanent	14	0	1	7.1
Cartographic surveying and related technicians, Permanent	2	0	0	0
Chemists, Permanent	74	0	6	8.1
Cleaners in offices workshops hospitals etc., Permanent	4888	149	256	5.2
Client inform clerks(switchb receipt inform clerks), Permanent	254	0	4	1.6
Communication and information related, Permanent	67	0	2	3
Community development workers, Permanent	4	0	0	0

Critical Occupation	Number of employees at beginning of period- April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Compositors typesetters & related printing workers, Permanent	2	0	0	0
Computer programmers., Permanent	1	0	0	0
Conservation labourers, Permanent	32	0	1	3.1
Dental practitioners, Permanent	107	17	14	13.1
Dental practitioners, Temporary	9	0	4	44.4
Dental technicians, Permanent	1	1	0	0
Dental therapy, Permanent	11	0	1	9.1
Dieticians and nutritionists, Permanent	109	18	18	16.5
Diplomats, Permanent	1	0	0	0
Electrical and electronics engineering technicians, Permanent	14	0	1	7.1
Emergency services related, Permanent	155	0	1	0.6
Engineering sciences related, Permanent	3	0	0	0
Engineers and related professionals, Permanent	9	0	0	0
Environmental health, Permanent	116	10	60	51.7
Farm hands and labourers, Permanent	45	0	3	6.7
Finance and economics related, Permanent	134	1	4	3

Critical Occupation	Number of employees at beginning of period- April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Financial and related professionals, Permanent	82	1	4	4.9
Financial clerks and credit controllers, Permanent	278	0	5	1.8
Fire fighting and related workers, Permanent	1	0	1	100
Food services aids and waiters, Permanent	718	0	39	5.4
Food services workers, Permanent	8	0	0	0
Handymen, Permanent	1	0	0	0
Head of department/chief executive officer, Permanent	6	1	3	50
Health sciences related, Permanent	835	2	49	5.9
Home-based personal care workers, Permanent	1	0	0	0
Household and laundry workers, Permanent	974	10	77	7.9
Household food and laundry services related, Permanent	6	0	0	0
Housekeepers laundry and related workers, Permanent	27	0	3	11.1
Human resources & organisat development & relate prof, Permanent	72	0	1	1.4
Human resources clerks, Permanent	214	0	8	3.7
Human resources related, Permanent	570	0	18	3.2
Information technology related, Permanent	14	0	0	0

Critical Occupation	Number of employees at beginning of period- April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Inspectors of apprentices works and vehicles, Permanent	5	0	0	0
Language practitioners interpreters & other commun, Permanent	39	0	1	2.6
Librarians and related professionals, Permanent	2	0	0	0
Library mail and related clerks, Permanent	69	0	1	1.4
Light vehicle drivers, Permanent	233	0	14	6
Logistical support personnel, Permanent	68	1	1	1.5
Material-recording and transport clerks, Permanent	165	1	6	3.6
Medical practitioners, Permanent	1274	245	292	22.9
Medical practitioners, Temporary	203	0	42	20.7
Medical specialists, Permanent	191	9	28	14.7
Medical specialists, Temporary	33	0	4	12.1
Medical technicians/technologists, Permanent	30	6	4	13.3
Messengers porters and deliverers, Permanent	737	20	30	4.1
Middle managers, Permanent	1	0	0	0
Motor vehicle drivers, Permanent	39	8	3	7.7
Nursing assistants, Permanent	5940	68	238	4

Critical Occupation	Number of employees at beginning of period-April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Occupational therapy, Permanent	120	35	46	38.3
Occupational therapy, Temporary	1	0	0	0
Optometrists and opticians, Permanent	12	0	3	25
Oral hygiene, Permanent	23	1	1	4.3
Other administration & related clerks and organisers, Permanent	1284	49	28	2.2
Other administration & related clerks and organisers, Temporary	1	0	0	0
Other administrative policy and related officers, Permanent	638	13	19	3
Other information technology personnel., Permanent	80	0	0	0
Other machine operators, Permanent	1	0	0	0
Other occupations, Permanent	268	0	19	7.1
Other occupations, Temporary	2	0	0	0
Pharmaceutical assistants, Permanent	25	0	1	4
Pharmacists, Permanent	356	56	44	12.4
Pharmacists, Temporary	11	0	2	18.2
Pharmacologists pathologists & related professional, Permanent	3	0	0	0
Physicists, Permanent	8	0	1	12.5

Critical Occupation	Number of employees at beginning of period- April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Physiotherapy, Permanent	131	45	38	29
Physiotherapy, Temporary	2	0	0	0
Printing and related machine operators, Permanent	2	0	0	0
Probation workers, Permanent	1	0	0	0
Professional nurse, Permanent	9577	453	729	7.6
Professional nurse, Temporary	7	0	0	0
Psychologists and vocational counsellors, Permanent	73	13	22	30.1
Psychologists and vocational counsellors, Temporary	4	0	4	100
Radiography, Permanent	356	18	23	6.5
Radiography, Temporary	4	0	1	25
Risk management and security services, Permanent	3	0	0	0
Road workers, Permanent	4	0	0	0
Safety health and quality inspectors, Permanent	22	1	1	4.5
Secretaries & other keyboard operating clerks, Permanent	387	1	12	3.1
Security guards, Permanent	53	0	3	5.7

Critical Occupation	Number of employees at beginning of period- April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Security officers, Permanent	8	0	2	25
Senior managers, Permanent	135	3	15	11.1
Shoemakers, Permanent	4	0	0	0
Social sciences related, Permanent	4	0	0	0
Social sciences supplementary workers, Permanent	6	0	1	16.7
Social work and related professionals, Permanent	121	0	2	1.7
Speech therapy and audiology, Permanent	46	15	13	28.3
Staff nurses and pupil nurses, Permanent	3250	97	154	4.7
Student nurse, Permanent	1021	0	80	7.8
Supplementary diagnostic radiographers, Permanent	49	0	3	6.1
Trade labourers, Permanent	207	1	8	3.9
TOTAL	40816	1379	2695	6.6

The table below identifies the major reasons why staff left the department.

Table 3.4.3 Reasons why staff left the department

Termination Type	Number	% of Total Resignations
Death, Permanent	268	9.9
Resignation, Permanent	737	27.3
Resignation, Temporary	27	1
Expiry of contract, Permanent	693	25.7
Expiry of contract, Temporary	29	1.1
Transfers, Permanent	50	1.9
Discharged due to ill health, Permanent	20	0.7
Dismissal-misconduct, Permanent	87	3.2
Retirement, Permanent	782	29
Other, Permanent	1	0
Other, Temporary	1	0
TOTAL	2695	100

Table 3.4.4 Promotions by critical occupation

Occupation	Employees 1 April 2012	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative related	385	2	0.5	38	9.9
All artisans in the building metal machinery etc.	199	0	0	12	6
Ambulance and related workers	1770	0	0	0	0
Artisan project and related superintendents	15	0	0	1	6.7
Auxiliary and related workers	1093	0	0	29	2.7
Biochemistry pharmacol. zoology & life scie. techni	3	0	0	0	0
Boiler and related operators	51	0	0	4	7.8
Building and other property caretakers	102	0	0	4	3.9
Bus and heavy vehicle drivers	14	0	0	0	0
Cartographic surveying and related technicians	2	0	0	0	0
Chemists	74	0	0	0	0
Cleaners in offices workshops hospitals etc.	4888	0	0	271	5.5
Client inform clerks(switchb receipt inform clerks)	254	0	0	7	2.8
Communication and information related	67	0	0	0	0
Community development workers	4	0	0	0	0
Compositors typesetters & related printing workers	2	0	0	0	0
Computer programmers.	1	0	0	0	0
Conservation labourers	32	0	0	0	0
Dental practitioners	116	0	0	3	2.6

Occupation	Employees 1 April 2012	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Dental technicians	1	0	0	0	0
Dental therapy	11	1	9.1	0	0
Dieticians and nutritionists	109	0	0	6	5.5
Diplomats	1	0	0	0	0
Electrical and electronics engineering technicians	14	0	0	1	7.1
Emergency services related	155	0	0	0	0
Engineering sciences related	3	0	0	1	33.3
Engineers and related professionals	9	0	0	0	0
Environmental health	116	0	0	0	0
Farm hands and labourers	45	0	0	1	2.2
Finance and economics related	134	0	0	11	8.2
Financial and related professionals	82	1	1.2	8	9.8
Financial clerks and credit controllers	278	1	0.4	34	12.2
Fire fighting and related workers	1	0	0	0	0
Food services aids and waiters	718	0	0	24	3.3
Food services workers	8	0	0	1	12.5
Handymen	1	0	0	0	0
Head of department/chief executive officer	6	0	0	1	16.7
Health sciences related	835	3	0.4	4	0.5
Home-based personal care workers	1	0	0	0	0

Occupation	Employees 1 April 2012	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Household and laundry workers	974	0	0	93	9.5
Household food and laundry services related	6	0	0	0	0
Housekeepers laundry and related workers	27	0	0	0	0
Human resources & organisat developm & relate prof	72	0	0	12	16.7
Human resources clerks	214	0	0	21	9.8
Human resources related	570	1	0.2	6	1.1
Information technology related	14	0	0	0	0
Inspectors of apprentices works and vehicles	5	0	0	0	0
Language practitioners interpreters & other commun	39	0	0	1	2.6
Librarians and related professionals	2	0	0	0	0
Library mail and related clerks	69	0	0	4	5.8
Light vehicle drivers	233	0	0	8	3.4
Logistical support personnel	68	0	0	2	2.9
Material-recording and transport clerks	165	1	0.6	2	1.2
Medical practitioners	1477	6	0.4	12	0.8
Medical specialists	224	4	1.8	0	0
Medical technicians/technologists	30	0	0	1	3.3
Messengers porters and deliverers	737	1	0.1	82	11.1
Middle managers	1	0	0	0	0
Motor vehicle drivers	39	0	0	0	0

Occupation	Employees 1 April 2012	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Nursing assistants	5940	0	0	15	0.3
Occupational therapy	121	0	0	3	2.5
Optometrists and opticians	12	0	0	0	0
Oral hygiene	23	0	0	0	0
Other administrat & related clerks and organisers	1285	0	0	45	3.5
Other administrative policy and related officers	638	0	0	13	2
Other information technology personnel.	80	0	0	2	2.5
Other machine operators	1	0	0	0	0
Other occupations	270	0	0	3	1.1
Pharmaceutical assistants	25	0	0	0	0
Pharmacists	367	0	0	8	2.2
Pharmacologists pathologist	3	0	0	0	0
Physicists	8	0	0	0	0
Physiotherapy	133	0	0	4	3
Printing and related machine operators	2	0	0	2	100
Probation workers	1	0	0	0	0
Professional nurse	9584	108	1.1	23	0.2
Psychologists and vocational counsellors	77	0	0	1	1.3
Radiography	360	1	0.3	22	6.1
Risk management and security services	3	0	0	0	0

Occupation	Employees 1 April 2012	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Road workers	4	0	0	0	0
Safety health and quality inspectors	22	0	0	0	0
Secretaries & other keyboard operating clerks	387	0	0	12	3.1
Security guards	53	0	0	1	1.9
Security officers	8	0	0	2	25
Senior managers	135	2	1.5	19	14.1
Shoemakers	4	0	0	0	0
Social sciences related	4	0	0	0	0
Social sciences supplementary workers	6	0	0	0	0
Social work and related professionals	121	0	0	1	0.8
Speech therapy and audiology	46	0	0	2	4.3
Staff nurses and pupil nurses	3250	10	0.3	5	0.2
Student nurse	1021	0	0	1	0.1
Supplementary diagnostic radiographers	49	0	0	0	0
Trade labourers	207	0	0	30	14.5
TOTAL	40816	142	0.3	919	2.3

Table 3.4.5 Promotions by salary band

Salary Band	Employees 1 April 2012	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2), Permanent	5251	0	0	331	6.3
Lower skilled (Levels 1-2), Temporary	17	0	0	0	0
Skilled (Levels 3-5), Permanent	15028	10	0.1	257	1.7
Skilled (Levels 3-5), Temporary	31	0	0	0	0
Highly skilled production (Levels 6-8), Permanent	8909	104	1.2	181	2
Highly skilled production (Levels 6-8), Temporary	77	0	0	0	0
Highly skilled supervision (Levels 9-12), Permanent	8409	21	0.2	142	1.7
Highly skilled supervision (Levels 9-12), Temporary	152	0	0	1	0.7
Senior management (Levels 13-16), Permanent	179	5	2.8	3	1.7
Contract (Levels 1-2), Permanent	1021	0	0	0	0
Contract (Levels 3-5), Permanent	131	0	0	0	0
Contract (Levels 6-8), Permanent	738	0	0	0	0
Contract (Levels 9-12), Permanent	830	2	0.2	4	0.5
Contract (Levels 13-16), Permanent	43	0	0	0	0
TOTAL	40816	142	0.3	919	2.3

3.5. Employment Equity

Table 3.5.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2013

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers, Permanent	43	3	1	7	62	4	2	7	129
Professionals, Permanent	927	116	92	294	1793	182	69	374	3847
Professionals, Temporary	90	2	7	68	51	1	1	24	244
Technicians and associate professionals, Permanent	1761	161	1	73	9412	1286	30	571	13295
Technicians and associate professionals, Temporary	0	0	0	0	0	1	0	10	11
Clerks, Permanent	646	62	3	19	1865	133	2	72	2802
Clerks, Temporary	0	0	0	0	0	0	0	1	1
Service and sales workers, Permanent	2263	245	4	77	7309	702	4	230	10834
Craft and related trades workers, Permanent	125	18	1	45	18	0	0	0	207
Plant and machine operators and assemblers, Permanent	278	30	0	5	13	2	0	0	328
Elementary occupations, Permanent	2465	164	1	46	4581	352	0	53	7662
Elementary occupations, Temporary	2	0	0	0	0	0	0	0	2
Other, Permanent	6	0	1	0	36	0	0	4	47
TOTAL	8606	801	111	634	25140	2663	108	1346	39409

Table 3.5.2 Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2013

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	28	3	10	28	4	2	1	12	88
Senior Management, Permanent	53	5	8	28	47	4	2	7	154
Senior Management, Temporary	0	0	0	1	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	939	119	42	181	5769	628	44	393	8115
Professionally qualified and experienced specialists and mid-management, Temporary	62	1	3	37	28	1	0	9	141
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	1643	279	9	140	5406	975	15	506	8973
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Temporary	22	0	2	19	21	1	1	14	80
Semi-skilled and discretionary decision making, Permanent	3551	260	2	67	9716	763	5	200	14564
Semi-skilled and discretionary decision making, Temporary	6	1	2	5	2	0	0	6	22
Unskilled and defined decision making, Permanent	1818	92	2	13	3039	167	0	13	5144
Unskilled and defined decision making, Temporary	2	0	0	6	0	0	0	6	14
Contract (Top Management), Permanent	7	0	3	2	2	0	1	1	16

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Senior Management), Permanent	18	1	2	9	2	0	1	1	34
Contract (Professionally qualified), Permanent	208	26	24	91	181	32	29	88	679
Contract (Skilled technical), Permanent	93	11	2	7	364	51	7	80	615
Contract (Semi-skilled), Permanent	21	0	0	0	54	5	1	0	81
Contract (Unskilled), Permanent	135	3	0	0	505	34	1	10	688
TOTAL	8606	801	111	634	25140	2663	108	1346	39409

Table 3.5.3 Recruitment

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	1	0	0	0	0	0	0	1	2
Senior Management, Permanent	2	1	0	1	0	0	0	1	5
Professionally qualified and experienced specialists and mid-management, Permanent	21	6	2	6	76	29	0	10	150
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	36	9	0	2	182	81	1	19	330
Semi-skilled and discretionary decision making, Permanent	42	2	0	1	200	16	0	0	261
Unskilled and defined decision making, Permanent	16	1	0	0	63	0	0	0	80
Contract (Senior Management), Permanent	2	0	0	0	0	0	0	0	2
Contract (Professionally qualified), Permanent	67	14	6	35	79	8	8	32	249
Contract (Skilled technical), Permanent	35	6	2	5	138	26	7	81	300
TOTAL	222	39	10	50	738	160	16	144	1379
Employees with disabilities	0	0	0	0	0	1	0	0	1

Table 3.5.4 Promotions

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	0	0	0	3	0	0	0	1	4
Senior Management, Permanent	3	0	0	1	0	0	0	0	4
Professionally qualified and experienced specialists and mid-management, Permanent	39	6	1	9	80	10	2	16	163
Professionally qualified and experienced specialists and mid-management, Temporary	0	0	0	0	0	1	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	48	14	1	5	162	39	2	14	285
Semi-skilled and discretionary decision making, Permanent	74	12	0	1	153	25	0	2	267
Unskilled and defined decision making, Permanent	83	3	0	2	233	9	0	1	331
Contract (Professionally qualified), Permanent	4	1	1	0	0	0	0	0	6
TOTAL	251	36	3	21	628	84	4	34	1061
Employees with disabilities	0	0	0	1	1	3	0	1	6

Table 3.5.5 Terminations

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	1	0	0	0	0	0	0	0	1
Senior Management, Permanent	4	0	1	2	3	0	0	1	11
Professionally qualified and experienced specialists and mid-management, Permanent	69	5	6	14	312	17	10	31	464
Professionally qualified and experienced specialists and mid-management, Temporary	12	0	1	5	8	0	0	3	29
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	109	18	0	14	303	47	0	52	543
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Temporary	4	0	1	3	1	0	0	3	12
Semi-skilled and discretionary decision making, Permanent	180	14	0	7	394	37	1	13	646
Semi-skilled and discretionary decision making, Temporary	1	0	0	3	1	0	0	1	6
Unskilled and defined decision making, Permanent	81	0	0	1	94	5	0	0	181
Unskilled and defined decision making, Temporary	0	0	0	6	0	0	0	4	10

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Top Management), Permanent	2	0	1	2	1	0	0	0	6
Contract (Senior Management), Permanent	15	1	1	1	2	0	0	0	20
Contract (Professionally qualified), Permanent	79	13	7	52	93	16	10	48	318
Contract (Skilled technical), Permanent	41	7	0	5	196	26	3	71	349
Contract (Semi-skilled), Permanent	2	0	0	0	14	0	0	0	16
Contract (Unskilled), Permanent	18	2	0	3	52	7	0	1	83
TOTAL	618	60	18	118	1474	155	24	228	2695
Employees with Disabilities	2	0	0	1	2	0	0	2	5

Table 3.5.6 Disciplinary action

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Dismissal	1	0	0	0	0	0	0	0	1
Final written warning	3	0	0	0	3	0	0	0	6
No outcome	1	0	0	0	0	0	0	0	1
Suspended without payment	4	0	0	0	3	0	0	0	7
Written warning	1	0	0	0	0	0	0	0	1
TOTAL	10	0	0	0	6	0	0	0	16

Table 3.5.7 Skills development

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	0	0	0	0	0	0	0
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	0	0	0	0	0	0	0	0	0
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0

Employees with disabilities	0	0	0	0	0	0	0	0	0
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3.6. Performance Rewards

There were no performance rewards paid during this financial year under Review..

Table 3.6.1 Performance Rewards by race, gender and disability

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African, Female	0	25100	0	0	0
African, Male	0	8563	0	0	0
Asian, Female	0	108	0	0	0
Asian, Male	0	111	0	0	0
Coloured, Female	0	2659	0	0	0
Coloured, Male	0	795	0	0	0
Total Blacks, Female	0	27867	0	0	0
Total Blacks, Male	0	9469	0	0	0
White, Female	0	1336	0	0	0
White, Male	0	625	0	0	0
Employees with a disability	0	112	0	0	0
TOTAL	0	39409	0	0	0

Table 3.6.2 Performance Rewards by salary band for personnel below Senior Management Service,

Salary Band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee
Lower skilled (Levels 1-2)	0	5113	0	0	0
Skilled (Levels 3-5)	0	14602	0	0	0
Highly skilled production (Levels 6-8)	0	9078	0	0	0
Highly skilled supervision (Levels 9-12)	0	8260	0	0	0
Contract (Levels 1-2)	0	688	0	0	0
Contract (Levels 3-5)	0	81	0	0	0
Contract (Levels 6-8)	0	615	0	0	0
Contract (Levels 9-12)	0	679	0	0	0
Periodical Remuneration	0	71	0	0	0
Abnormal Appointment	0	9165	0	0	0
TOTAL	0	48352	0	0	0

Table 3.6.3 Performance Rewards by critical occupation

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related	0	569	0	0	0
All artisans in the building metal machinery etc.	0	184	0	0	0
Ambulance and related workers	0	1719	0	0	0
Artisan project and related superintendents	0	13	0	0	0
Auxiliary and related workers	0	1023	0	0	0
Biochemistry pharmacol. zoology & life science techni	0	1	0	0	0
Boiler and related operators	0	47	0	0	0
Building and other property caretakers	0	92	0	0	0
Bus and heavy vehicle drivers	0	11	0	0	0
Cartographic surveying and related technicians	0	2	0	0	0
Chemists	0	68	0	0	0
Cleaners in offices workshops hospitals etc.	0	4747	0	0	0
Client inform clerks(switchb recept inform clerks)	0	248	0	0	0
Communication and information related	0	65	0	0	0

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Community development workers	0	4	0	0	0
Compositors typesetters & related printing workers	0	2	0	0	0
Computer programmers.	0	1	0	0	0
Conservation labourers	0	31	0	0	0
Dental practitioners	0	114	0	0	0
Dental technicians	0	2	0	0	0
Dental therapy	0	10	0	0	0
Dieticians and nutritionists	0	108	0	0	0
Diplomats	0	1	0	0	0
Electrical and electronics engineering technicians	0	13	0	0	0
Emergency services related	0	154	0	0	0
Engineering sciences related	0	3	0	0	0
Engineers and related professionals	0	9	0	0	0
Environmental health	0	75	0	0	0
Farm hands and labourers	0	43	0	0	0
Finance and economics related	0	128	0	0	0

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Financial and related professionals	0	79	0	0	0
Financial clerks and credit controllers	0	276	0	0	0
Food services aids and waiters	0	678	0	0	0
Food services workers	0	8	0	0	0
Handymen	0	1	0	0	0
Head of department/chief executive officer	0	4	0	0	0
Health sciences related	0	790	0	0	0
Home-based personal care workers	0	1	0	0	0
Household and laundry workers	0	903	0	0	0
Household food and laundry services related	0	5	0	0	0
Housekeepers laundry and related workers	0	24	0	0	0
Human resources & organisat developm & relate prof	0	71	0	0	0
Human resources clerks	0	258	0	0	0
Human resources related	0	263	0	0	0
Information technology related	0	14	0	0	0

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Inspectors of apprentices works and vehicles	0	5	0	0	0
Language practitioners interpreters & other commun	0	37	0	0	0
Librarians and related professionals	0	2	0	0	0
Library mail and related clerks	0	65	0	0	0
Light vehicle drivers	0	221	0	0	0
Logistical support personnel	0	68	0	0	0
Material-recording and transport clerks	0	159	0	0	0
Medical practitioners	0	1450	0	0	0
Medical specialists	0	197	0	0	0
Medical technicians/technologists	0	31	0	0	0
Messengers porters and deliverers	0	721	0	0	0
Middle managers	0	1	0	0	0
Motor vehicle drivers	0	45	0	0	0
Nursing assistants	0	5686	0	0	0
Occupational therapy	0	109	0	0	0

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Optometrists and opticians	0	10	0	0	0
Oral hygiene	0	22	0	0	0
Other administration & related clerks and organisers	0	1423	0	0	0
Other administrative policy and related officers	0	533	0	0	0
Other information technology personnel.	0	77	0	0	0
Other machine operators	0	1	0	0	0
Other occupations	0	247	0	0	0
Pharmaceutical assistants	0	24	0	0	0
Pharmacists	0	378	0	0	0
Pharmacologists pathologists & related professional	0	3	0	0	0
Physicists	0	6	0	0	0
Physiotherapy	0	138	0	0	0
Printing and related machine operators	0	2	0	0	0
Probation workers	0	1	0	0	0
Professional nurse	0	9550	0	0	0

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Psychologists and vocational counsellors	0	62	0	0	0
Radiography	0	358	0	0	0
Rank: Unknown	0	48	0	0	0
Risk management and security services	0	3	0	0	0
Road workers	0	4	0	0	0
Safety health and quality inspectors	0	22	0	0	0
Secretaries & other keyboard operating clerks	0	374	0	0	0
Security guards	0	48	0	0	0
Security officers	0	6	0	0	0
Senior managers	0	121	0	0	0
Shoemakers	0	3	0	0	0
Social sciences related	0	4	0	0	0
Social sciences supplementary workers	0	5	0	0	0
Social work and related professionals	0	117	0	0	0

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Speech therapy and audiology	0	48	0	0	0
Staff nurses and pupil nurses	0	3180	0	0	0
Student nurse	0	689	0	0	0
Supplementary diagnostic radiographers	0	44	0	0	0
Trade labourers	0	199	0	0	0
TOTAL	0	39409	0	0	0

Notes: The CORE classification, as prescribed by the DPSA, should be used for completion of this table.

Table 3.6.4 Performance related rewards (cash bonus), by salary band for Senior Management Service

Salary Band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	0	157	0	0	0	0
Band B	0	32	0	0	0	0
Band C	0	103	0	0	0	0
Band D	0	1	0	0	0	0
TOTAL	0	293	0	0	0	0

3.7. Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation

Table 3.7.1 foreign workers by salary band

Salary Band	01 April 2012		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled (Levels 1-2)	1	0.3	2	0.6	1	-2.4
Skilled (Levels 3-5)	5	1.3	5	1.4	0	0
Highly skilled production (Levels 6-8)	16	4	12	3.4	-4	9.5
Highly skilled supervision (Levels 9-12)	130	32.7	106	29.8	-24	57.1
Senior management (Levels 13-16)	18	4.5	29	8.1	11	-26.2
Contract (Levels 3-5)	1	0.3	1	0.3	0	0
Contract (Levels 6-8)	9	2.3	5	1.4	-4	9.5
Contract (Levels 9-12)	199	50	170	47.8	-29	69
Contract (Levels 13-16)	12	3	21	5.9	9	-21.4
Periodical Remuneration	3	0.8	3	0.8	0	0
Abnormal Appointment	4	1	2	0.6	-2	4.8
TOTAL	398	100	356	100	-42	100

Table 3.7.2 Foreign workers by major occupation

Major Occupation	01 April 2012		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% Change
Administrative office workers	3	0.8	3	0.8	0	0
Elementary occupations	1	0.3	2	0.6	1	-2.4
Professionals and managers	389	97.7	346	97.2	-43	102.4
Service workers	1	0.3	1	0.3	0	0
Social natural technical and medical sciences+supp	3	0.8	3	0.8	0	0
Technicians and associated professionals	1	0.3	1	0.3	0	0
TOTAL	398	100	356	100	-42	100

3.8. Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.8.1 Sick leave

Salary Band	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total numbers of days with medical certification
Lower skilled (Levels 1-2)	89.6	3086	11.7	8	5,905	26343	21080
Skilled (Levels 3-5)	89	9663	36.7	8	25,780	26343	64632
Highly skilled production (Levels 6-8)	85.7	6752	25.6	8	32,224	26343	44732
Highly skilled supervision (Levels 9-12)	86.4	5806	22	7	48,814	26343	36264
Senior management (Levels 13-16)	85.3	100	0.4	7	2,227	26343	629
Contract (Levels 1-2)	95.7	162	0.6	4	191	26343	661
Contract (Levels 3-5)	59.6	26	0.1	4	34	26343	59
Contract (Levels 6-8)	79.9	399	1.5	5	1,021	26343	1625
Contract (Levels 9-12)	76.6	329	1.2	5	2,176	26343	1153
Contract (Levels 13-16)	88.6	20	0.1	4	310	26343	78
TOTAL	87.4	26343	100	7	118682	26343	170913

Table 3.8.2 Disability leave (temporary and permanent)

Salary Band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of employees using Disability Leave
Lower skilled (Levels 1-2)	2850	100	146	13.3	20	719	2850	1095
Skilled (Levels 3-5)	10774	99.9	367	33.5	29	4,030	10759	1095
Highly skilled production (Levels 6-8)	9216	100	304	27.8	30	5,687	9216	1095
Highly skilled supervision (Levels 9-12)	9328	99.9	257	23.5	36	10,461	9316	1095
Senior management (Levels 13-16)	228	100	8	0.7	29	766	228	1095
Contract (Levels 6-8)	33	100	6	0.5	6	18	33	1095
Contract (Levels 9-12)	316	100	6	0.5	53	396	316	1095
Not Available	67	100	1	0.1	67	87	67	1095
TOTAL	32812	99.9	1095	100	30	22164	32785	1095

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.8.3 Annual Leave

Salary Band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	103098.01	21	4960
Skilled (Levels 3-5)	295900.93	21	14093
Highly skilled production (Levels 6-8)	193128.22	21	9087
Highly skilled supervision (Levels 9-12)	186094.53	22	8336
Senior management (Levels 13-16)	4806.04	20	241
Contract (Levels 1-2)	6625.92	14	488
Contract (Levels 3-5)	1424	18	78
Contract (Levels 6-8)	9949	15	663
Contract (Levels 9-12)	11956.44	16	728
Contract (Levels 13-16)	1003	16	62
Not Available	4.32	4	1
TOTAL	813990.41	21	38737

Table 3.8.4 Capped leave

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2012	Number of Employees who took capped leave	Total number of capped leave at 31 December 2012	Number of Employees as at 31 December 2012
Lower skilled (Levels 1-2)	172	4	55	42	54389	985
Skilled (Levels 3-5)	1343	6	70	224	265427	3794
Highly skilled production (Levels 6-8)	1313	7	92	201	287232	3136
Highly skilled supervision (Levels 9-12)	1915	6	99	320	438469	4409
Senior management (Levels 13-16)	4	2	82	2	6854	84
Contract (Levels 1-2)	17	17	78	1	2094	27
Contract (Levels 3-5)	3	3	118	1	6110	52
Contract (Levels 9-12)	5	5	123	1	3197	26
Contract (Levels 13-16)	4	1	82	3	1237	15
TOTAL	4776	6	85	795	1065009	12528

The following table summarise payments made to employees as a result of leave that was not taken.

Table 3.8.5 Leave payouts

Reason	Total Amount (R'000)	Number of Employees	Average per employee (R'000)
Capped leave payouts on termination of service for 2012/13	9,433	982	9606
Current leave payout on termination of service for 2012/13	9	17	529
TOTAL	9442	999	9451

3.9. HIV/AIDS & Health Promotion Programmes

Table 3.9.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
All Clinical, Clinical Support, Emergency Medical Services, Forensics, Maintenance, Laundry Staff Refuse Collectors and General Assistants at medical service delivery points: these categories of staff are at high risk of exposure to HIV, TB and other communicable diseases through direct contact with infected patients, body parts and body fluids. The mode of infection includes cuts, needle pricks, handling of infected body parts and fluids and soiled linen and utensils, breathing infected air.	Standard / Universal Precautions for infection control, Needle Prick protocol, Post Exposure Prophylaxis, Protective Barriers /Equipment and Personal Protective clothing – clothing, gloves, masks, eye wear, etc. Other interventions include: • Staff training on infection control and standard / universal precautions • Warning signage • Reporting and investigation of occupational exposures • Education on sharps disposal. • Monitoring proper use of Personal Protective Clothing and equipment

Table 3.9.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	YES		Miss T Govender: Senior Manager: Employee Wellness
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	YES		The EW Unit has 28 designated personnel: 14 at District and Hospital Complexes and 14 at Head Office (including COID unit). The annual budget for this programme was totally inadequate at R300 000 and R643 925 ring-fenced for payment of COID. Services have been delivered within these parameters and with support from other programmes such as HRD and
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	YES		The EW Sub-programmes include: HIV & AIDS and TB Workplace, Employee Assistance, Occupational Health & Safety, Compensation of Occupational Injuries and Diseases and Sport & Recreation. The Service Package includes: Counselling, Prevention and Education, Consultation, Marketing, Training and Monitoring and Evaluation Activities. Prevention and Education includes: health screening, HIV counselling and testing, sport and recreation activities, Health calendar events, Life Skills (including Financial), Presentations, workshops and distribution of information on various
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the	YES		The Provincial EW committee was disbanded in favour of establishing District and Hospital Complex Committees. When this process is complete the Provincial Committee will be re-established with correct
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so	YES		All H R policies have been reviewed and comply with the required principles
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	YES		Case management and Education Programmes are designed to protect the rights of HIV positive employees.

Question	Yes	No	Details, if yes
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	YES		The EWP has enlisted the assistance of GEMS and participates in the transversal HCT campaign. 101 HCT sessions were held with 3682 employees testing.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	YES		Baseline research has been completed to establish: 1. the HIV prevalence to be at 13,9%; 2. Psychosocial Needs and 3. the general health status in terms of blood glucose/ cholesterol/ pressure and Body Mass Index. These indicators will be measured at regular intervals to monitor progress.

3.10. Labour Relations

Table 3.10.1 Collective agreements

Subject Matter	Date
Nil	

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.10.2 Misconduct and disciplinary hearings finalised

Outcomes of disciplinary hearings	Number	% of total
Dismissal	16	13
Final written warning	19	15
No outcome	56	45
Suspended without payment	4	3
Counselling	2	2
Verbal Warning	7	6
Written warning	21	17
TOTAL	125	100

Table 3.10.3 Types of misconduct addressed at disciplinary hearings

Type of misconduct (based on annexure A)	Number	% of total
Type of misconduct		Percentage of Total
Absent from work without reason or permission	42	34
Assaults / Attempts or threatens to assault a person	5	4
Performs poorly for reasons other than incapacity	10	8
Possesses or uses property of the state or another person	6	5
Steals, Bribes or commits Fraud	15	12
Under influence of habit-forming/stupefying drug	2	2
Performing work outside Public Service without authorisation	4	3
Damages and or causes loss of state property	1	1
Sexual harassment	3	2
Mismanages the finances of the state	2	2
Fails to carry out lawful order or routine instruction	17	14
Disrespect / Abusive or Insolent Behaviour	3	2
Prejudices the administration or discipline of the state	2	2
Participates in unlawful industrial action	8	6
Conducts self in improper / unacceptable manner	1	1
Intimidates or victimises others	4	3
TOTAL	125	100

Table 3.10.4 Grievances logged

	Number	% of Total
Not resolved	45	90
Resolved	5	10
TOTAL	50	100

Table 3.10.5 Disputes logged

	Number	% of Total
Number of disputes upheld	15	47
Number of disputes dismissed	17	53
Total number of disputes lodged	32	100

Table 3.10.6 Strike actions

	% of Total
Total number of persons working days lost	
Total costs working days lost	
Amount (R'000) recovered as a result of no work no pay	

Table 3.10.7 Precautionary suspensions

	% of Total
Number of people suspended	58
Number of people who's suspension exceeded 30 days	58
Average number of days suspended	43
Cost (R'000) of suspension	

3.11. Skills development

This section highlights the efforts of the department with regard to skills development.

Table 3.11.1 Training needs identified

Occupational Category	Gender	Number of employees as at 1 April 2012	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	2721	0	2177	544	2721
	Male	680	0	544	136	680
Professionals	Female	8254	1651	5778	825	8254
	Male	2064	413	1445	206	2064
Technicians and associate professionals	Female	1965	393	1376	196	1965
	Male	491	98	344	49	491
Clerks	Female	1965	393	1376	196	1965
	Male	415	83	290	42	415
Service and sales workers	Female	720	144	504	72	720
	Male	180	36	126	18	180
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	2	0	2	0	2
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	11	2	8	1	11
	Male	186	37	130	19	186
Elementary occupations	Female	953	191	667	95	953
	Male	238	48	167	23	238
Gender Sub Total	Female	16589	2774	11886	1929	16589
	Male	4256	715	3048	493	4256
Total		20845	3489	14934	2422	20845

Table 3.11.2 Training provided for the period

Occupational Category	Gender	Number of employees as at 1 April 2012	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	1892	0	1513	379	1892
	Male	375	0	236	139	375
Professionals	Female	8328	0	6617	1711	8328
	Male	2266	0	1654	612	2266
Technicians and associate professionals	Female	2514	2514	0	0	2514
	Male	1354	1354	0	0	1354
Clerks	Female	2522	924	26	1572	2522
	Male	870	231	6	633	870
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	17	0	17	0	17
	Male	7	0	7	0	7
Elementary occupations	Female	385	287	98	0	385
	Male	725	72	653	0	725
Gender Sub Total	Female	15658	3725	8271	3662	15658
	Male	5597	1657	2556	1384	5597
Total		21255	5382	10827	5046	21255

3.12. Injury on duty

The following tables provide basic information on injury on duty.

Table 3.12.1 Injury on duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	133	75.6
Temporary Total Disablement	43	24.4
Permanent Disablement	0	0
Fatal	0	0
Total	176	100%

3.13. Utilisation of Consultants

Table 3.13.1 Report on consultant appointments using appropriated funds

Project Title	Total Number of consultants that worked on project	Duration Work days	Contract value in Rand
PriceWaterhouse Coopers - finalization of tasks which had been started by the Consortium prior to 14th September 2012			4,919,901.00
I Chain Project	4	12 months	9,554,105.53
Neil Laverlott	1	12 months	500,000.00
EOH consulting - Provision of Movable Asset Management support services for a period of 3 months	2	3 months	1,102,635.00
Consultants for the Multi Agency Work Group (MAWG) SCM Reform Pilot Project	6	24 months	9,233,194.29
Total number of projects	14	51+	25,309,835.82

Table 3.13.2 Report on consultant appointments using Donor funds

Project Title	Total Number of consultants that worked on project	Duration Work days	Donor and Contract value in Rand

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand

Table 3.13.3 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project

PART E



FINANCIAL INFORMATION

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3

ACCOUNTING OFFICER REPORT
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Report by the Accounting Officer to the Executive Authority and Provincial Legislature of the Republic of South Africa

1. General Review of the state of financial affairs

1.1 Important policy decisions and strategic issues facing the department

1.1.1 Introduction of Non-negotiable Principles

On realizing major challenges related to the failure of some provinces to pay for basic and critical services during the course of the year like vaccines, laboratory tests etc, the National Health Council (NHC) resolved to introduce the Non-negotiable principle. The principle was introduced to ensure that this challenge is fully addressed by implementing a system of continuous monitoring, reporting and accountability. The important aspect of this intervention is to ensure that at planning stage the non-negotiable elements have identified (or proxy) financial indicators (with specific SCOA items on BAS) that will be tracked on continuous basis.

List of Non-negotiable Components:

- Infection Control and Cleaning
- Medicines, Medical Supplies including Dry Dispensary
- Medical Waste
- Laboratory Services: National Health Laboratory Services (NHLS)
- Blood Supply and Services: South African National Blood Services (SANBS)
- Food Services and Relevant Supplies
- Security Services
- Laundry Services
- Essential Equipment and Maintenance of Equipment
- Children Vaccines

The NHC has stipulated quarterly reporting to NHC Technical Advisory Committee (TAC) as part of monthly Budget & Conditional Grant reporting. Further engagement with National Treasury is earmarked at ensuring the necessary additional technical support on additional Health Sector specific line items. Impacting on the developments of Annual Performance Plans for 2013/14 – 2015/16 new non-financial indicators are being developed to ensure complete reporting (financial & non-financial).

1.1.2 Implementation of NHI District Pilots

The National Health Insurance (NHI) strategic

intervention remains key in the overall transformation of our healthcare services and the success of these pilots will be absolutely critical. In the reporting period the first tranche of resource allocation in the form of R11.5million towards the NHI Conditional Grant was allocated.

The purpose of the NHI Grant was:

- To test innovations necessary for implementing National Health Insurance
- To improve access to quality Health services
- To establish district health authorities that will be the contracting agencies for the delivery and provision of health services within a strengthened district health system
- To undertake health system strengthening initiatives in selected pilot districts
- To support selected pilot districts in implementing identified service delivery interventions

The first year of performance has mainly focused on communication with critical stakeholders including municipalities, community and governance structures, academic and provider structures and individuals like GPs. The department further consolidated its planning including the development of District NHI Master Plan that cover all important issues even beyond the Conditional Grant business Plan.

On the implementation front there was wide spread mobilization of support and technical contribution from NGO sector organizations, the provincial office and spearheaded drive from the National DOH in the form of Facility Implementation Teams. Already most GPs have shown interest and enthusiasm in partaking on the GP contracting model. The 2013/14 Financial Year will see further tangible consolidation of these plans into implementable programs.

The intention of government is to pilot the NHI for the next five years. During this period, the implementation of this initiative will be aligned and integrated into the broader plans to achieve the targets of the National Development Plan (Vision 2030)

1.2 Significant events that have taken place during the year

Fleet Management Services: The department entered into an agreement with Government Fleet Management Services (GFMS), a trading entity, of the Department of

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Transport for the provision of Fleet Services to the Department. The agreement will continue for an indefinite period.

1.3 Major projects undertaken or completed during the year

In the year under review, the Department continued with the implementation of major projects through its implementing agents of Coega Development Corporation and the Department of Roads and Public Works.

Progress made in each of these projects during the 2012/13 financial year is as follows:

Remarkable progress is being made in **Cecilia Makiwane Hospital**. To date a fully functional laundry has been constructed. A new mortuary is now functioning. Completion of the main hospital is expected on the 01 December 2014 at a cost of R935,0 million. Approximately 1 600 work opportunities have been created in Cecilia Makiwane to date.

300 Student Units in **Cecilia Makiwane Hospital** are now occupied, having cost approximately R110,0 million;

In the case of **St Patricks Hospital** 356 work opportunities have been created. The project scope in this hospital involves construction various areas and is costing the department R347,0 million. The project will be completed in October 2014.

Livingstone Oncology Services Unit has been completed at a cost of R70,0 million.

In respect of **Frere** Oncology and support medical services, a project costing the department R167,0 million is expected to be completed before the end of the 3rd quarter in the 2013/14 financial year. The project includes new medical wards, adult ICU and high care, paediatrics ICU and high care, oncology unit, neurosurgery unit, chemotherapy and a maxio facial unit.

Renovations and Repairs of **Primary Health Care** facilities have and continue to receive priority in the year under review and 2013/14. The focus has shifted from new facilities and is now firmly on maintaining the existing ones. To this extent, general maintenance work in Hospitals such as Cala, Elliot, Cloete Joubert, Tafalofefe,

Nelson Mandela Academic, Komani, and Fort Beaufort hospitals are on going. Furthermore, 222 clinics covering the entire Province are being repaired and renovated. The estimated cost of this programme is R240,0 million.

In the year under review, the department approved a new organogram for the Infrastructure Unit. The emphasis of this organogram was on the appointment of qualified registered built environment professionals. An amount of R10,0 million was ring fenced for purposes of recruiting such professionals. Fourteen positions were advertised and applications were received for eleven positions. Interviews were conducted and only six candidates were found to be suitable.

Nursing Colleges Satellite Campuses are now part of the provincial infrastructure portfolio. In the year under review, extensive building repair works including the provision of learning structures were undertaken in five satellite campuses. These are Andre Vosloo, Port Elizabeth, East London, All Saints Hospital and Queenstown. All of this work will be completed during the second quarter of the 2013/14 financial year.

Temporary accommodation – the department started installing 52 temporary accommodation structures in various facilities in the Province. Of these, 33 are two bed room units and 19 single bed units. This process will be completed during the first quarter of 2013/14 financial year.

Multi-million Rand Development of **Madwaleni Hospital** has started with the construction of the Gateway Clinic that will cost the department R28,5 million. The contractor for the Gateway Clinic occupied site on the 06th March 2013 and is expected to complete the programme in the first quarter of 2014.

Four Hospitals have received **X-Ray equipment**. Amongst these, are Madwaleni, Gompo, Bambisana and Mount Ayliff.

Upgrade of St Elizabeth Hospital – focus has been the construction of the main hospital complex and finishing of the Resource Centre. This is a 4 year programme and is estimated to cost the department R740,0 million.

Upgrade of Komani Hospital – upgrading of this hospital is progressing well and is expected to be completed before 30 September 2013.

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1.4 Spending Trends

The table below shows the high level financial performance of the department at the end of the financial year. Detailed performance by Programme is shown in the Appropriation Statement in the Annual Financial Statements.

Adjusted Budget	Expenditure	Variance	Expenditure as a % of Budget
R'000	R'000	R'000	
15,734,550	15,602,512	132,038	99.2

Reason for the (over)/under expenditure for Programmes with significant variances

The Department overall under-spent its budget allocation by R132,04 million. The under spending emanates primarily from three economic classification categories: current payments, which overspent budget by a net R10,18 million; buildings and other fixed structures by R56,39 million and machinery and equipment by R77,13 million.

The department has applied for Conditional Grants funds totalling R134,051 million - appropriated but not spent in the 2012/13 financial year, to be rolled over to the 2013/2014 financial year. The request for roll over is supported by commitments where capital expenditure and goods & services had been delivered or rendered and therefore funds were committed and the department is either awaiting submission of invoices by suppliers or invoices had been received but will be paid in the next financial year.

The decreased spend on COE is attributable mainly to the control measures / control measures put in place by the OTP and Provincial Treasury on the filling of vacant posts.

The under spend in buildings and other fixed structures was as a result of stop and start of projects, such as that of CMH, due to industrial action by employees employed by contractors as well as certain contractors filing for Business Rescue (Chapter 6 of Companies Act 71 of 2008) and further on granted liquidation. Machinery and equipment was underspent mainly due to challenges with supply chain processes.

It is historically known that the Department of Health has been under severe financial pressure over several years. This situation has been caused by inter alia, the magnitude of the current service delivery platform, growth in the burden of disease provincially, top slicing of the budgets,

various unfunded and underfunded mandates as well as limitations in the adequate management of cost of employment. The objectives of the department for 2012/13 have accordingly been largely negatively impacted on.

To address most of these challenges, the department has confirmed the centrality of government driven transformation with financial resources that are directed to the neediest areas in terms of services.

The department continues to be deeply involved in extensive turnaround processes. Accordingly, the baseline realignment exercise is currently in progress with various turnaround implementation plans. The impact thereof is still work in progress (with the impact yet to be quantified on the MTEF).

Programme 1: Administration - Under expenditure of R0,43 million

The main contributor to this underspend is compensation of employees. The envisaged filling of all vacant executive posts did not take place.

Programme 2: District Health Services - Over expenditure of R52,02 million

This programme over spent its total budget by R52.02 million. This happened despite an underspend in compensation of employees (R3.77 million), departmental agencies and accounts (R4.92 million) and payment for capital assets (R18.98 million).

The over expenditure on goods and services of R79.22 million relates primarily to medical supplies including pharmaceuticals, vaccines and surgical sundries, arising from the increased burden of disease in the province.

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In addition, the Department submitted applications for the rollover of conditional grant funds to the Provincial Treasury in respect of the Comprehensive HIV and Aids Grant of R27,0 million and National Health Insurance Grant of R3,41 million.

Programme 3: Emergency Medical Services - Under expenditure of R47,87 million

The under expenditure of R47,00 million on payments for goods and services arose mainly from the non - delivery of 130 ambulances out of an order of 190 by the Department of Transport.

Programme 4: Provincial Hospital Services - Under expenditure of R3,94 million

The main contributor to this underspend is compensation of employees and is attributable to strict measures imposed by Provincial Treasury with regards to employment and replacement of vacant posts.

Programme 5: Central Hospital Services - Under expenditure of R45,25 million

The under spend of R45,25 million is primarily represented by an application for rollover of R3,31 million in goods and services, R40,71 million in machinery and equipment and R1,56 million in buildings and other fixed structures to the Provincial Treasury in respect of the National Tertiary Services Conditional Grant. It is understood that the roll over applied for may be limited to the amount of under expenditure.

The under-spending in machinery & equipment of R40,06 million is attributable to inter alia the delays in the delivery of various items of medical equipment, such as MRI scanners, purchased within the hospital complexes in the Province. The under expenditure in building and other fixed structures relates to fencing in Fort England Hospital.

Programme 6: Health Sciences & Training - Under expenditure of R58,67 million

The programme has an under spending of R58,67 million. Under expenditure occurred mainly in compensation of employees by R32,48 million, goods and services by R21,12 million, transfers to universities and technicians

by R2,38 million and machinery and equipment by R2,61 million.

The under expenditure on COE was due to measures put by the Department, Provincial Treasury and OTP to curb overspending and growing COE pressures.

The under-spend in goods and services is mainly from the Skills Levy, wherein most of its activities stalled.

As the Other Training sub-programme is funded through the Health Professions Training and Development Grant, roll overs amounting to R4,07 million have been applied for from Provincial Treasury.

Programme 7: Health Care Support Services – Under expenditure of R3,00 million

The main contributor to this underspend is compensation of employees.

The under expenditure on COE was due to measures put by the Department, Provincial Treasury and OTP to curb overspending and growing COE pressures.

Programme 8: Health Facilities Management – Under expenditure of R25,77 million

Even though the programme had a net underspend of R25.77 million, goods and services, particularly in relation to contracted maintenance of buildings and machinery and equipment, overran the budgeted amount by R46,50 million. Buildings and other fixed structures underspent by R52,89 million due to stops and starts caused by labour relations issues at CMH. Machinery and equipment underspent by R16,18 million due to challenges with supply chain processes.

Since this programme receives funding from conditional grants, roll overs have been applied for. The Department submitted an application for the rollover of conditional grant funding to Provincial Treasury in respect of R45,79 million for Hospital Revitalisation Grant, R4,80 million for the Health Infrastructure Grant and R2,27 million for the Nursing Colleges and Schools Grant.

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1.5 Virement

The Department implemented, in terms of section 43 (1) of the PFMA and Treasury Regulation 6.3.1, the use of savings of R193,793 million in compensation of employees in the current (2012/2013) financial year to defray over expenditure in goods and services.

PROGRAMMES	TOTAL VIREMENTS	REASON FOR THE VIREMENT
	R'000	
ADMINISTRATION		
Compensation of Employees	(7 202)	Delays in the appointment of personnel due to strict measures imposed by the OTP and Provincial Treasury have resulted in “under spending” on this line item. The amount will be used to defray over expenditure in goods and services in programme 2.
Households	(2 042)	Inability to spend allocation due to insufficient information provided by beneficiaries of leave gratuity funding resulted in under-spending on this line item. This amount will be used to defray overspending on the same line item in programme 4.
Machinery and equipment	3 498	Amounts of R1,890 million and R1,608 million received from programmes 3 and 6 respectively from the same line item will be used to defray over expenditure in this programme.
DISTRICT HEALTH SERVICES		
Goods and Services	218 265	The combined amounts of R218,265 million received from Programmes 1, 3, 4, 6 and 7 will be used to re-imburse municipalities for costs incurred whilst the finalization of the provincialisation of municipal clinics was being thrashed out. Payments to SANBS, DOT (for white fleet) and Municipalities for municipal services will also be effected.
Households	(2 648)	Inability to spend allocation due to insufficient information provided by beneficiaries of leave gratuity funding resulted in under-spending on this line item. This amount will be used to defray overspending on the same line item in programme 4.
EMERGENCY MEDICAL SERVICES		
Compensation of Employees	(37 731)	Delays in the appointment of personnel due to strict measures imposed by the OTP and Provincial Treasury have resulted in “under spending” on this line item. The amount will be used to defray over expenditure in goods and services in programme 2
Goods and Services	(17 149)	Under-spending is due to delays in the delivery of ambulances by the Department of Transport. This amount will be used to defray over expenditure in goods and services in programme 2
Machinery and equipment	(1 890)	Non-delivery of equipment resulted in under spending. This amount will be used to defray over expenditure in the same line item in programme 1.

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PROGRAMMES	TOTAL VIREMENTS	REASON FOR THE VIREMENT
	R'000	
PROVINCIAL HOSPITAL SERVICES		
Compensation of Employees	(125 894)	Delays in the appointment of personnel due to strict measures imposed by the OTP and Provincial Treasury have resulted in “under spending” on this line item. The amount will be used to defray over expenditure in goods and services in programme 2
Households	4 690	Amounts of R2,042 million and R2,2648 million received from programmes 1 and 2 respectively from the same line item will be used to defray over expenditure in this programme.
HEALTH SCIENCE & TRAINING		
Compensation of Employees	(22 966)	Delays in the appointment of personnel due to strict measures imposed by the OTP and Provincial Treasury have resulted in “under spending” on this line item. The amount will be used to defray over expenditure in goods and services in Programme 2
Machinery and equipment	(1 608)	Challenges in supply chain processes resulted in under spending. The amount will be used to defray over expenditure in the same line item in Programme 1.
HEALTH CARE SUPPORT SERVICES		
Goods and Services	(7 323)	The under expenditure in this line item will be used to mitigate over expenditure in goods and services in Programme 2
DEPARTMENT OF HEALTH – VOTE 3		
Compensation of Employees	(193 793)	
Goods and Services	193 793	

1.6 Unauthorised expenditure

The department has for the year under review incurred unauthorised expenditure amounting to R52,449 million in its vote, due to over spending in goods and services in Programme 2 District Health Services, caused primarily through the reimbursement of provincialisation of primary health care claims received from various municipalities and metros.

Unauthorised expenditure as at 31 March 2013 amounts to R1,358,263 billion and is cumulative from the 2009/10 – 2012/13 financial years.

Eastern Cape Finance Act (2013): In terms of the Eastern Cape Finance Act (2013), the Department's unauthorised expenditure totalling R1,286 billion

(2011/12 (R297,6 million), 2010/11, (R116,4 million) and 2009/10 (R871,9 million)) has been condoned with funding.

This act was approved by the Premier of the Province of the Eastern Cape on 28 March 2013, and the funding received by the Department in April 2013.

1.7 Irregular Expenditure

During the year irregular expenditure of R255,552 million was identified and relates to the contravention of the Supply Chain Management procedures and the expired contract for psychiatric services which is deemed irregular expenditure in terms of Sections 38 (1) (g) and 45 of the PFMA.

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Further, an application for condonation was made to the Interim Bid Advisory Committee in the Provincial Treasury in relation to Life Care irregular expenditure and finance leases. These matters remain unresolved and are currently being handled by the department and the Provincial Treasury.

Condonation of irregular expenditure incurred as a result of irregular appointment of foreign doctors will be sought from the DPSA as well as irregular expenditure which is as a result of over expenditure on COE will be sought from the Provincial Treasury. All these processes will be finalised during the 2013/2014 financial year.

1.8 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure amounting to R127,854 million was identified during the year and of this amount, R108,288 million relates mainly to medico - legal claims and the balance is in respect of interest, damages and abuse of vehicles paid to Fleet Africa, infrastructure suppliers and other service providers as a result of late payment.

R28,014 million incurred in the previous years was condoned and written off in the current financial year. Disciplinary and recovery processes are in progress and this is being monitored by the Financial Misconduct Disciplinary Committee.

Condonation or disciplinary action on the balance of cases of fruitless and wasteful expenditure is being considered by the committee.

2. Services rendered by the department:

The Eastern Cape Department of Health, in terms of its mandate, provides health care services to the people of the province. The Department operates through eight programmes.

Programme 1: Administration

This programme comprises two sub-programmes namely, the Office of the MEC and Management. The objectives of these sub-programmes are detailed below:

Office of the MEC: The objective of this sub-programme is to provide political and strategic direction to the department by focusing on transformation and change management.

Management: This sub-programme is responsible for the management of human, financial, information and infrastructure resources. It is made up of the Office of the Superintendent General and the policy, strategic planning, co-ordination and regulatory functions of the head office located in the different clusters i.e. Clinical, Corporate and Financial Services

Programme 2: District Health Services

To ensure delivery of Primary Health Care services through the implementation of the District Health System. This Programme has nine sub-programmes with the following objectives:

- **District Management** manages the effectiveness and functionality of seven districts and municipalities within the social needs cluster, especially in ISRDP, URP nodes and the identified twelve poorest municipalities; co-ordination of health services, referrals, supervision, evaluation and reporting as per Provincial and National policies.
- **The Community Health Clinics** sub-programme manages the provision of preventive and curative care and priority health programme implementation through accessible clinics and mobile services in twenty four sub-districts.
- **The Community Health Centres** sub-programme renders twenty-four hour health services, maternal health at midwifery units and the provision of trauma services as well as the integration of community based mental health services within the down referral system.
- **The Community Based Services** sub-programme manages the implementation of the community based health services framework.
- **The Other Community Services** sub-programme manages the devolution of MHS to the municipalities and implements a 'port health' strategy to control the spread of communicable diseases through ports of entry in the Eastern Cape Province; provides oral health services at a community level (including schools and old age homes); strengthens the traditional health services through health education campaigns for role players; prevention of substance, drug, and alcohol abuse to reduce unnatural deaths and geriatric services as a supportive and rehabilitation service.

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- The **HIV/Aids** sub-programme renders primary health care services in respect of the prevention of HIV and Aids infections through campaigns, continuous care, management and treatment (CCMT) and strengthening the accreditation process of ART sites for accessibility.
- The **Nutrition** sub-programme renders nutrition services as a poverty alleviation program, providing nutrition supplements including inter alia Vitamin A, Iodine, Zinc aimed at specific target groups (children, pregnant mothers, & the aged) to address malnutrition; provision of formula feeds for health facilities; establishment of food gardens at clinics, CHCs & hospital gardens and assisting communities to start the community gardens in consultation with the Department of Agriculture to fight poverty.
- The **Coroner Services** sub-programme renders forensic pathology services in order to establish the circumstances and causes surrounding un-natural deaths.
- The **District Hospitals** sub-programme is to provide a comprehensive and quality district hospital service to the people of the Eastern Cape Province.

Programme 3: Emergency Medical Services

The purpose of this programme is to render an equitable efficient, effective, professional and sustainable emergency medical service. The programme comprises two sub-programmes with the following objectives:

- Rendering emergency medical services including ambulance services, special operations, communications and air ambulance services.
- Rendering planned patient transport including local outpatient transport (with the boundaries of a given town or local area) and inter-city/town outpatient transport (into referral centres).

Programme 4: Provincial Hospital Services

The objective of this programme is to provide cost effective, good quality effective and efficient secondary hospital services. The programme has three sub-programmes with the following objectives:

- **General (Regional) Hospitals:** Rendering of hospital services at general specialist level and providing a platform for research and the training of health workers

- **TB Hospitals:** To convert current tuberculosis hospitals into strategically placed centres of excellence in which a small percentage of patients may undergo hospitalisation under conditions which allow for isolation during the intensive phase of treatment, as well as the application of the standard multi-drug resistant (MDR) protocols.

- **Psychiatric Mental Hospitals:** Rendering a specialist psychiatric hospital service for people with mental illness and intellectual disability and providing a platform for training of health workers and research.

Programme 5: Central Hospital Services

The purpose of this programme is to provide cost effective, good quality effective and efficient tertiary hospital Services.

Programme 6: Health Sciences and Training

The objective of this Programme is to provide training, development and academic support to all Health professionals and employees in the Province. The Programme has five sub-programmes with the following aims:

- **Nursing Training Colleges:** Training of nurses at undergraduate level and post-basic level.
- **EMS Training College:** Training of rescue and ambulance personnel
- **Bursaries:** Provision of bursaries for health science training programmes at undergraduate and postgraduate levels.
- **Other Training:** Provision of PHC related training for personnel provided by the Regions, as well as the provision of
- **Skills development** interventions for all occupational categories in the department.

Programme 7: Health Care Support Services

This Programme deals with Orthotic and Prosthetic services and in addition houses Clinical Support Management. The latter is composed of Laboratory services, Radiography services and Rehabilitation services. All the clinical support services are budgeted for under programmes dealing with hospital services; i.e. Programmes 2 (District Health Services), 4 (Provincial Health Services) and 5 (Central Hospital Services).

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- **Orthotic and Prosthetic Services:** Renders specialised clinical orthotic and prosthetic services
- **Medicine Trading Account (Pharmaceuticals Depot Management):** Renders specialist cross functional Pharmaceutical, Supply Chain, Financial, Risk and Human Resources Management to strengthen service delivery in the two pharmaceutical depots.

Programme 8: Health Facilities Management

To improve access to Health care services by providing new health facilities, upgrading and maintaining existing facilities. The objectives of the three sub-programmes of the programme are as follows:

- **Community Health Facilities:** Focuses on the construction of new clinics and Community Health Centres (CHC) and the upgrading of existing clinics and CHCs.
- **Emergency Medical Rescue Services:** Focuses on improving Emergency Medical Rescue Services infrastructure.
- **District Hospital Services:** Focuses on the upgrading of District Hospitals
- **Provincial Hospital Services:** Focuses on the upgrading of Provincial Hospitals.

2.1 Tariff policy

Health Services tariffs are determined by the National Department of Health (NDoH) for all the provinces through the implementation of the Uniform Patient Fees Schedule (UPFS).

The Department's tariffs in respect of H1 patient categories differ from those set by NDoH in respect of services rendered at facility level 3 and also in respect of services rendered by a Specialist. This is because the Department implemented UPFS four years after it was introduced as a national Policy. A phased approach is being followed to avoid drastic tariff increases.

The tariffs applicable to externally funded patients, is an "undiscounted" tariff that applies to patients who are covered by medical schemes, persons injured in motor vehicle accidents (Road Accident Fund) and other state departments (Department of Justice, South African Police, Correctional Services) and patients injured on duty.

Patients, who do not have external funding, pay a discounted fee. The discount for patients that are formally unemployed or on social grants (H0) receive free health care (100% subsidy); patients earning below R37,000 per annum (H1) receive a subsidy of approximately 90%; patients who earn between R37,000 and R72 000 (H2) – the subsidy varies according to services rendered, ranging from 35% to 90%.

Self – funded patients (H3) exceeding the means test, receive on average a 25% subsidy.

The department increased patient tariffs to the externally funded patient fees by 5.4% in the year under review.

2.2 Free Services

The mandate of the Department of Health is to provide health care services to the citizens of this country, in exercising that mandate and in terms of policy there are circumstances under which patients will receive services free of charge independently of their classification as full paying or subsidized patients. Such circumstances include infectious, formidable diseases, pregnant women and children. Also patients classified under H0 category receive free services. It is not possible to quantify the cost of the free services rendered.

Elective healthcare services do not qualify as free services and patients are required to pay the "undiscounted" UPFS fee.

2.3 Inventories

Refer Note 12 hereunder

3. Capacity control measures

The Department has faced severe budgetary control measures which have resulted not only in over-expenditure but also a threat of not delivering adequate services in facilities. Details of over-expenditure and deferment of non-critical work is explained in the programmes. The department continues to work closely with the National Department of Health and Provincial Treasury to find solutions to this challenge.

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The capacity control measures of the Department to fulfil its mandate by way of provision of core health professionals was constrained by several factors.

These included the application of austerity measures in order to manage the cost of employment (COE) budget. The authority and functions to appoint was taken away and handed to the Provincial Treasury and this placed severe control measures on the ability of the Department to recruit and replace key health professionals and core support staff.

Funding control measures left the department unable to recruit core critical personnel. Besides the moratorium on the appointment and replacement of staff, there proved to be severe control measures in terms of capacity (knowledge, skills and attitudes) at both Head Office and District levels.

The combined effect of the above variables resulted in critical staff members not being appointed which had a direct impact on healthcare service delivery.

At year end, the department has an overall vacancy rate of 16.16%, summarised as:

- Clinical Service posts 20.43% vacant
- Clinical Support 11.02% vacant
- Admin and Management 9.46% vacant

Financial management in the department remains a huge challenge due to lack of qualified, skilled and competent finance personnel mainly at operational level as well as fragmented and non-integrated systems.

As a result of lack of integrated systems the department has had to implement a number of compensating manual systems to consolidate financial information from districts and various units including information for the preparation of annual financial statements. The risk of human error associated with use of manual system exists.

4. Utilisation of donor funds

The following are the Department's National and International donors:

4.1 Japanese International Development Cooperation Agency (JICA)

JICA supported a project to strengthen medical equipment maintenance management. The funding is in the form of a technical assistant (personnel) based in

the Department to assist with the development of a model on the maintenance and management of medical equipment. The Department does not take responsibility for the financial implications incurred by the technical assistant. The support has been effective since it is mainly the transfer of skills from the Japanese medical equipment expert to the local personnel.

4.2 Sabona Foundation – (formerly The Fred Hollows Foundation – South Africa)

A Memorandum of Agreement (MOU) was entered into between the department and the “The Fred Hollows Foundation of South Africa” to create a sustainable eye care programme that ensure rendering of a comprehensive eye care service package consistent with the level of care of each partner institution in the Eastern Cape Province. The foundation operates in five sites, St Elizabeth Hospital; Frontier Hospital; East London Complex; PE Complex; and these form the critical part of the province's five eye care nodal points of the foundation.

The programme provides comprehensive eye care services and includes high volume cataract surgery, glaucoma and refractive error, training of doctors and nurses in cataract surgery; hospital-based outreach services provided by the ophthalmologists and community-based outreach services aimed at primary health care services.

An addendum to the MOU incorporates the optic laboratory for the cutting of lenses at the Frontier hospital Sabona Sonke eye care centre,

4.3 Chamber of Mines of South Africa

The Chamber of Mines initiated a project for the “Ex-mineworkers” to strengthen the ability of various hospitals to offer medical examinations to ex-mineworkers and the project was first rolled out to Sir Henry Elliot hospital. The project is for a period of two years from ending in May 2013.

As part of the agreement, the Chamber of Mines will provide equipment and services for the use of the new occupational health centre in Sir Henry Elliot hospital, second certain staff to the hospital including an occupational health nurse and an administrative assistant.

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4.4 Foundation for Professional Development

The foundation for Professional Development is a project that provides human resources and operating support at specific HIV/AIDS/TB/VCT sites to complement the existing resources of the department with the aim of increasing the number of people being treated for HIV, receiving support of wellness programmes and receiving ART or TB treatment.

4.5 Italian Co Operation

The department entered into an agreement with the Italian Co Operation. The project focuses on Communicable Diseases, especially on TB, HIV and AIDS.

As part of the Technical support, the Italian Co Operation donated equipment to OR Tambo to support TB HIV& Aids activities. It has also donated four motorvehicles for the TB outreach programme.

The other donated equipment includes two additional vehicles which are in the process of being accepted by the Superintendent General.

4.6 European Union

The European Union has a long standing partnership with the department which spans over a number of years for the delivery of primary health care programme. Funds received from the donor were utilised towards strengthening delivery of primary health care services supporting Non Profit Organisations (NPO) who have partnered with the department to provide primary health care services.

5. Trading entities and public entities

There are no trading or public entities under the control of the Eastern Cape Department of Health.

6. Organisations to whom transfer payments have been made

The department utilises various institutions, government entities, Universities, technikons and CBOs as vehicles to deliver services to the communities of the province. The nature of services to be rendered and relationship with these organisations is governed by Service Level Agreements. During the year under review, the department transferred R134.13 million to Hospices, Universities and

technikons and to Municipalities. Details on these transfer payments are given in Annexures 1C, 1D and 1B respectively of the Annual Financial Statements section.

Funds were transferred to various Universities and technikons for the provision of Health Sciences, Training & Development. Municipalities received funds for the devolution of environmental health. The department monitored these institutions / entities to ensure that the allocated funds were spent as planned and detailed in the Service Level Agreements.

Other than transfer payments to the Walter Sisulu University, the Department obtained assurance from each entity that received a transfer, that the entity implements effective, efficient and transparent financial management and internal control systems, as required by TR 18.3.1 (c).

The Walter Sisulu University (WSU) has been funded extensively from the Health Professions Training and Development Grant (HPTDG) using multiple service level agreements (SLAs) over several years in order to strengthen the Faculty's under- and post-graduate programmes to unpin the departments human resource needs, particularly in rural communities.

Three SLAs were concluded under this partnership. The first and largest funded the Faculty in a variety of ways from a Joint Staff Establishment to operational costs related to registrar rotations, conferences and journals. The second SLA funded the four Health Resource Centres operational costs. The third and most recent funded the establishment of a Medical Orthotics and Prosthetics programme. Transfer payments to WSU represented between 80-85% of the total HPTDG budget.

The Department observed non-compliance by WSU to the requirements of their SLAs, in particular financial reporting, resulting in increased pressure on the ECDoH to enforce Sections 38(i) J&K of the Public Finance Management Act in keeping with the responsibilities and expectations of the Accounting Officer, the National Department of Health and Auditor General.

At all material times, the funding provided by the Department of Health was ring fenced and governed by legislation including the Division of Revenue Act, Public Finance Management Act and Treasury Regulations.

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It has now become apparent from draft financials recently submitted to the Department, that the University has loaned to itself a substantial amount of money from the Health Professions Training and Development Grant (HPTDG) Health Professional Training and Development Fund in order to meet several of its other operating expenses.

In acting as aforesaid and utilising the funding contrary of the provisions of the agreement between the parties, the Walter Sisulu University has breached a material term of the contract between the parties and in so doing has acted wrongfully, unlawfully and contrary to the applicable legislation.

In the circumstances, the Department of Health has demanded that the University repay the amount.

7. Public private partnerships

Humansdorp Hospital Co-Location

The concession agreement was concluded on 27 June 2003 with Metro Star Hospital Life Healthcare Ltd (previously Afrox Healthcare Ltd). The Public Private Partnership is at Contract Management stage and operations have been running smoothly throughout the financial year.

Upgrading and Refurbishment of the Port Alfred & Settlers Hospitals in Port Alfred and Grahamstown and the establishment of co-located private hospital facilities

The concession agreement was signed on 7 May 2007 and incorporates the Port Alfred and Settlers District Hospitals. The Public Private Partnership is at Contract Management stage and operations have been running smoothly throughout the financial year.

Refer to disclosure note 31.

8. Corporate Governance Arrangements

Details of Corporate Governance Arrangements which include inter alia statements on Risk Management, Fraud & Corruption, Fraud Prevention Policies, Internal Audit, Effectiveness of the Audit Committee and Managing Conflicts of Interest are set out in Part C (Governance) of this report.

9. Discontinued activities/activities to be discontinued

For the year under review, no activities were discontinued.

10. New/proposed activities

During the year under review, non-negotiable principles (Refer 1.1.1) were introduced as well as the implementation of NHI District Pilots (Refer 1.1.2).

11. Asset management

11.1 Movable Assets

The Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999) and Treasury Regulations stipulate that the department must manage and safeguard its assets, this entails amongst other things maintaining Fixed Assets Registers where all assets are recorded.

The department has and maintains asset registers for all 1,150 institutions, facilities and administration offices.

Newly acquired assets are bar coded and taken into the asset register at cost. Reconciliations between BAS and the fixed asset register is performed on a monthly basis. This exercise ensures that all assets procured are accounted for.

The challenge with asset management however is that despite the existence of fixed asset registers completeness thereof has been found to be a weakness. The Auditor-General has raised findings on the existence of assets due to some assets that are on the floor but could not be found in the asset register and vice versa.

In order to address these weaknesses the department has embarked on a project to conduct comprehensive asset verification at institutions. The National Department of Health (NDoH) procured the services of a service provider to assist provinces with the rectification of audit qualifications resulting from asset management.

The department is participating in the NDoH project. The asset verification project commenced in February 2012. Three Asset management teams were

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responsible for clustered districts. The training of teams occurred in the areas of barcoding, standard asset descriptions, tagging of assets, scanning etc, quality assurance and compiling of asset registers, perform reconciliations between old asset and new asset registers.

The asset verification project has assisted in ensuring that the department has credible asset register.

11.2 Immovable Assets

The immovable fixed assets register for the department is maintained by the Department of Public Works. However it is important to raise an issue that my Department has full use of these assets.

12. Inventories

Inventory at the end of the year is valued at cost on a First-in-First-out basis (FIFO). The closing stock figures represent inventory counted at the hospitals, depots, Local Service Area (LSA), stores, wards and theatres. Stock holding at the end of financial year amounted to R403,4 million a decrease of 6% from the prior year figure of R423,1 million.

In order for the department to comply with the disclosure requirements integrated inventory management system is a prerequisite. Currently the department does not have an integrated inventory management system and stock is maintained in MEDSAS at the depots, LOGIS and RX Solution at the complexes and manual systems at district hospitals, LSA's, clinics and CHC's. As a result of lack of systems and poor recording it is often difficult to account for medicines issued within the institutions.

The risk of human error is high and internal controls are weak to non-existent in some facilities, district hospitals, LSA's, CHC's and clinics. All of this impact on the completeness and accuracy of figures disclosed in Annexure 5 of the AFS.

13. Events after the reporting date

In terms of the Eastern Cape Finance Act (2013), the Department's unauthorised expenditure totalling R1,286 billion (2011/12 (R297,6 million), 2010/11, (R116,4 million) and 2009/10 (R871,9 million)) has been condoned with funding.

This act was approved by the Premier of the Province of the Eastern Cape on 28 March 2013, and the funding received by the Department in April 2013.

14. Information on predetermined objectives

A number of strategic objectives per budget programme were identified and quantified as informed by the Strategic Goals and Objectives of the Department.

Against each strategic objective, the Department crafted Output Performance Indicators, the actual and audited performance, estimated performance and the medium term planned targets.

This Annual Report is therefore written against the determination of implementing and achieving the strategic objectives that are in the Annual Performance Plan of the Department.

The Department has therefore ensured that there is alignment in terms of the strategic objectives and its associated targets between the Strategic Plans, Annual Performance Plans and the budget documents.

The different budget programmes performance as indicated in this annual report provides a report on the department's performance against service delivery objectives and targets as identified in the Annual Performance Plans and budget documents.

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15. SCOPA Resolutions

In respect of the Report of the Auditor-General on the financial statements of Vote 3 – Department of Health for the year ended 31 March 2012, the Department received written correspondence dated 2 May 2013 containing the resolutions/recommendations, adopted by the House communicated in terms of Rule 203(1).

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
Report of the Auditor-General on the financial statements of Vote 3 – Department of Health for the year ended 31 March 2012	The Department must take appropriate steps to address all the audit findings as contained in the audit report for the 2011/2012 financial year and report quarterly to the Committee, the Audit Committee and the Provincial Treasury on the progress made.	Refer Note 13 of this report
	All Portfolio Committees must make follow-ups in their committee meetings on the progress being made by the departments in addressing audit queries.	The Accounting Officer of Health will liaise with the Chairperson of the Portfolio Committee for Health and in respect of this resolution
	Disciplinary actions must be taken against all the officials of the Department responsible for the findings as required in terms of section 38(1)(h) of the Public Finance Management Act.	The Department has established the Financial Misconduct Disciplinary Committee, which is chaired by Chief Financial Officer and includes labour relations officials. Disciplinary actions are being taken against officials who have transgressed, through the committee.
	The Department must ensure that all critical posts are filled as soon as possible with permanent incumbents.	The Department's annual recruitment plan for 2013/14 has been approved and is currently being implemented.
	The Committee must be allocated enough time to meet quarterly with the Provincial Treasury and the Audit Committee to review progress made by the Department in addressing the audit findings.	The Accounting Officer of Health will liaise with the Chairperson of SCOPA in respect of this resolution
	The Department may be called to appear quarterly before the Committee to account when necessary.	The Department will furnish the Committee with quarterly progress reports on the implementation of the audit rectification plan / self assessment tool
	All the unauthorised, fruitless and wasteful, and irregular expenditures as well as violation of the supply chain procedures should be identified and dealt with immediately by the Department and should be reported to the Provincial Treasury quarterly.	The Department has established the Financial Misconduct Disciplinary Committee, which is chaired by Chief Financial Officer and includes labour relations officials. Disciplinary actions are being taken against officials who have transgressed, through the committee. The Department will report to the Provincial Treasury quarterly

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Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
	The payment of the performance bonuses should be aligned to the audit report of the Department.	The Department is currently attending to the implementation of this resolution.
	The Department must ensure that all managers at hospitals, district offices and regional offices are accountable for the non-compliance with the provisions of the Public Finance Management Act, Treasury Regulations and supply chain procedures and these matters should form part of their performance agreements.	The performance agreements of SMS members have been amended to incorporate adherence to compliance prescripts.
	Accounting Officers must take disciplinary action against officials responsible for non-compliance with the laws and regulations as stipulated in the Public Finance Management Act, the Treasury Regulations and the Public Service Act.	The Department has established the Financial Misconduct Disciplinary Committee, which is chaired by Chief Financial Officer and includes labour relations officials. Disciplinary actions are being taken against officials who have transgressed, through the committee.
	The Executive Council must hold the Accounting Officers accountable for not implementing disciplinary action against the officials who flout the laws and regulations.	This resolution is being dealt with at the level of the Executive Council.
	The Members of the Executive Council must ensure that they are hands on in the administration of their departments and that repetitive audit findings are completely eliminated from future audits of their departments.	This resolution is being dealt with at the level of the Executive Council.
	Accounting Officers must report properly on the indicators and targets set in the performance plans as approved by the Legislature. Should there be any changes during the year, the Legislature and relevant committees must be informed.	The Accounting Officer is currently ensuring timeous compliance.
	Accounting Officers must take appropriate steps to ensure that financial statements are quality assured to avoid material changes being effected during the audit process.	The Accounting Officer is currently ensuring timeous compliance.
	Accounting Officers must give full cooperation with the audit teams assigned to their departments.	The Accounting Officer is currently ensuring timeous compliance.
	Accounting Officers must curtail the issue of civil servants performing remunerative work without prior authority and that disciplinary action must be taken against such officers.	The Accounting Officer is currently ensuring timeous compliance.

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Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
	Accounting Officers must identify unauthorised expenditure, fruitless and wasteful expenditure, irregular expenditure and flouting of supply chain management procedures, and deal with them as required in terms of section 38(1) (h) of the Public Finance Management Act and report on these matters quarterly to the Committee and the Provincial Treasury.	The Department has established the Financial Misconduct Disciplinary Committee, which is chaired by Chief Financial Officer and includes labour relations officials. Disciplinary actions are being taken against officials who have transgressed, through the committee.
	Other Committees of the Legislature should make follow ups in their Committee meetings on the actions taken by their departments to address the audit findings.	This resolution is being dealt with at the level of the other Committees of the Legislature.

16 Prior modifications to audit reports

An action plan to deal with the matters reported in the audit report was developed and implemented and it incorporates matters in the audit report including those noted as important in the management report. Senior managers had the responsibility to provide leadership and guidance, ensure that action plans are implemented and audit issues are resolved. Progress was monitored regularly and reporting done.

An action plan, through the Audit Intervention Plan (AIP), to deal with the matters reported in the 2011/12 audit report was developed and implemented and incorporated qualified matters in the audit report including those noted as important and non-compliance issues in the management report. Senior managers had the responsibility to provide leadership and guidance, ensure that AIP's are implemented and audit issues are resolved. Progress was monitored regularly and reporting done on a monthly basis to Provincial Treasury.

The following are matters that resulted in qualified opinion as well as matters of non-compliance:-

Nature of qualification, qualified opinion; and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
Qualification Matter Areas		
Irregular Expenditure	2004/05	(1) All monthly registers are being updated to reflect all AG findings as per 2013 Irregular Expenditure register. (2) Dash board, templates and final demand for the submission of registers and payment batches on irregular, unauthorised, fruitless and wasteful expenditure have been completed as per status report. (3) Register are updated to reflect all actions taken as prescribed by the legislative framework.. (4) Completed applications for condonation and write off of the remaining cases of Irreg Expenditure for the 2010/2011 financial year of which approvals have been obtained and filed accordingly.

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Nature of qualification, qualified opinion; and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
Movable tangible capital assets and minor assets	2007/08	(1) Established dedicated asset verification team and district coordinators. (2) Conducted training on asset verification team. (3) Conducted workshops for Chris Hani, Alfred Nzo, Mthatha Complex, Joe Gqabi & Mthatha Depot, Cacadu, PE Complex & OR Tambo iro district support to ensure compliance and monitoring. (4) Any asset purchased that does not meet the NT minimum requirements is uploaded in the register. (5) Head Office Committee has been appointed. Most of District Control Committees have not been appointed. However in the workshops districts were reminded that losses will not be adjudicated without district committee's recommendations. (5) Institutions that have verified recorded at R1 have been quantified and fair market valued. Supporting documents are available. An asset valuation model has been developed and after verification, all assets that do not have financial information are currently valued. (6) A new process flow has been drafted and all districts informed through workshops and training iro all assets in the district asset registers are included in the consolidated asset register. (7) A standard operating procedure has drafted to ensure completeness. (8) Structure contained in the SCM reform programme in the context of HUBS as well as with the overall departmental organisational review process which is also now awaiting PT's revised structure so that the lead may be taken from PT from an SCM point of view.
Commitments	2009/10	(1) Commitments from the two systems are reconciled to ensure completeness. (2) Capital Commitments - The supporting documents are sourced and restatement figures will be submitted in November. The challenge for the department was substantiating the professional fee estimate as disclosed. An estimate was prepared based on industry norms and the newly development Accounting policy for capital infrastructure commitments. The department will hold workshops with the auditor general on the policy to ensure that the challenges faced in this audit are avoided going forward. The department will engage the Eastern Cape Department of Roads and Public works to assist the department with these variation orders as the Head of the Variation committee is a delegated DRPW official. A list of all the relevant Variation Order has been provided to DRPW and they are responsible to provide the proof that these variation orders are in fact approved.
Accruals	2008/09	(1) All invoice received are added on Logis system before being submitted to reconciliation section. (2) A comparison of Logis report and manual excel tracking tool and BAS has been done to ensure the completeness of all outstanding invoices. Month end procedure. (3) Reconciliation have been prepare for all suppliers. (4) 3rd party confirmations have been prepared and faxed to supplies, waiting for responses. (5) Payment process flow with time frame has been fully implemented in HO and decentralized to district for implementation. HO Invoice register tracking tool has been implemented and their turning around time was 3days for October month due to delays in batches from SCMU; Reconciliation section was 6 days delays by suppliers in submitting statements and average number of days taken for payment were 19 days.

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Nature of qualification, qualified opinion; and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
Employee Benefits	2006/07	HR Accruals: (1) Comments on HR Accrual Guide has been received. Submission prepared for CFO Approval. (2) HR Accrual Guide presented at the various Districts at road shows. (3) Process started with development of new HR Accruals Tool. The approach would be to do the specs in October and start with developing in Nov and Dec. We engaged in a project to pay all outstanding HR Accruals, the developing of this tool will be finalized after finishing the project. Capped Leave: (1) With regards to the overstated capped leave the department has embarked on a project that involves the re-auditing of capped leave. All district offices have audit teams that are doing a complete audit of capped leave. 89.63% of the audit is complete and it is planned that the audit will be completed before the end of the year. Our internal auditors are assisting with the verification of the outcome of the audit done by the districts. On completion of the audit the PERSAL system will be updated with accurate capped leave entitlement and the financial statements will also reflect figures that have been audited and verified. (2) The leave entitlement was overstated as a result of some of the leave taken during the last financial year having been captured on the PERSAL system after the end of March 2012. The late capturing of leave is attributable to the fact that, Clinics, Community Health Centres and some District Hospitals do not have access to the PERSAL system. The high cost associated with the installation of Telkom cables and the size of the clinics prevents the department from installing PERSAL in all health facilities. Thus arrangements have to be made that leave forms from institutions that do not have access to PERSAL be captured in the nearest institutions that have PERSAL.
Expenditure	2010/11	(1) The unit is targeting all hubs to ensure compliance. The unit has developed an intervention schedule. (2) Stock-take instructions to be distributed to all institutions and fully adhered to. (3) On-site support for quarter stock counts targeting hubs.
Receivables for Departmental Revenue	2004/05	(1) Deduction of arrear rental is being addressed and has started in some institutions (2) All patient files required for audit in 2011/2012 were submitted accordingly. Security guards at hospitals are required to search patients when they leave the hospital and confiscate folders (3) It was agreed that the adjustment would not be done due to the volume of the population as it would not be possible to ensure that all patient folders are available for all institutions (4) There is no need to issue a receipt for direct deposits and the bank statement and the deposits serve as receipts.
Fruitless & Wasteful Expenditure	2009/10	(1) Register is updated to reflect all actions taken as prescribed by the legislative framework. (2) AFS lead schedule, reconciliation and register for 2010/2011 F&W expenditure have been reviewed and changes have been effected. (3) Completed applications for condonation and write off of the remaining cases of F&W Expenditure for the 2010/2011 financial year of which approvals have been obtained and filed accordingly. (4) VAT notices and advices to service providers submitted for approval, seeking acknowledgement of debt from the companies. (5) Analysis of H/O completed for 2010/2011 and 2011/2012 fin yrs for submission to the Disciplinary Committee (DC) for review and action. (6) Currently preparing 28 applications for condonation for infrastructure F&W for submission to the Disciplinary Committee (DC) for review and action.

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Nature of qualification, qualified opinion; and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
Receivables	2009/10	(1) The balance increased February 2013 due to the yearly Income tax reconciliation by Persal system. The in service officials tax debt will be programmatically recovered during the following months. Debt take on forms for all ex officials handed over on a monthly basis not taken on debtor list. Recovery of out of service officials due to the HR Accrual Leave gratuity project from repayments of these officials. (2) Interdepartmental Debt Disagreement: Confirmation letters are prepared and distributed to various departments on a monthly basis. Processed on monthly basis (3) Interest incorrectly written off: An amount of R 45 000 has been re allocated back to various expenditure allocation. -Interest has been reversed automatically reversed back to interest receivable account when we done write off (4) Debtors balances misstated and interest incorrectly calculated: Reconciliation of debtor accounts is done on a monthly basis and interest is checked and manually calculated-Interest is not calculated manually the system automatically calculated the system. (5) Long outstanding debts not handed over for collection: Debt specification for the appointment of debt collectors was approved by the SG. Also, a demand memo was prepared and submitted for signature of the ACFO. (6) Inadequate internal controls: Review of the debt policy has not been done yet.
Emphasis of Matter Areas		
Material impairments and write-offs	2011/12	(1) The finding relates to the proportion of bad debts that must be written off amounting to R196,0 million as against debtors of R55,7 million. The difficulty the department finds itself in is that debtors can be written off only when there is budget. There has been no budget to clear this amount.
Non-compliance with Laws and Regulations Areas		
Annual Financial Statements, Performance and Annual Report	2011/12	The department has put the following systems to mitigate against the risks of errors and misstatement of AFS:- • Monthly accounts are done the AFS unit down loads the Trial Balance and prepare monthly accounts and schedules for disclosure notes are prepared. This process is done to institutionalize financial management at the institutions. • A template for monthly management reporting has been developed and circulated to the districts, it details documentation required to be submitted to the AFS for incorporation in the MFS; IFS and AFS. • A monitoring dashboard has also been developed to monitor completeness of submission. • District visits are being done to verify information before it is submitted to HO AFS section. • Rigorous review processes have been put in place where submissions are reviewed by the GM's on the respective Chief Directorates, the Acting CFO reviews and Internal Audit unit has the final review. • Internal Audit will give assurance of the accuracy of the AFS. The fundamental challenges are the following:- • The department does not have integrated electronic financial accounting system which should be a single source of information used to prepare annual financial statements. The annual financial statements are prepared on modified cash accounting, this includes accrual accounting. • Consolidating financial information from these institutions to the district and ultimately to Head Office for reporting is highly disintegrated and cumbersome and lends the consolidation process to errors. • poor filing of documents at the districts causes documents to be lost and therefore cannot be submitted to the AG, it must however be mentioned that this scenario has improved over the years instances of documents that could not be submitted to the auditors for audit purposes were far and few during the current year.

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Nature of qualification, qualified opinion; and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
		Document management is one of the focus areas in the department's turnaround plans. It must be mentioned that there is a moratorium by the National Treasury to procure financial systems and the department cannot procure financial system as a result of the moratorium. The misstatements and qualifications come from disclosure notes (Balance sheet accounts e.g. accruals, commitments, irregular expenditure). These balance sheet accounts are maintained on excel spread sheets and the risk of error is high.
Procurement and Contract Management	2011/12	(1) Declaration of Interest (SBD4) to issue with Practice Note No. 7 of 2009 to be signed by SG implemented. Additionally SCM unit is currently developing an SCM Toolkit to enforce and strengthen compliance with SCM laws, regulations and prescripts. (2) In relation to poor communication, HO has now resolved to visit institutions on a monthly basis to monitor implementation thereof. (3) The results have been submitted to HR to confirm whether officials with business interest have obtained approval from the MEC in terms of RWOPS and IA&RAMS to review. (4) Standard Quotation schedule was issued and work-shopped to the districts during district support visits started end August to Oct 2012 to record the quotations requested. (5) Currently developing an SCM Toolkit to enforce and strengthen compliance with SCM laws, regulations and prescripts. (6) Gift Policy and Register for SCM Practitioners and role-players developed and draft issued for review. (7) Training on delegations conducted as part of workshop topics to the districts which started on 27/08/12 in Chris Hani and other rolled out to other districts.
Human Resource Management and Compensation	2011/12	(1) There were 1664 pay-points for Feb 2013. A total number of 403 appointment letters are still outstanding. Road shows were conducted and all Districts were advised to have information sessions with pay-point managers and also to use a simplified appointment letter. (2) Payroll Return rate is at 65% as at 28 March 2013. (3) Intention to charge letters were issued to the SG to sign in the month of March for all outstanding payrolls from April - Dec 2012, the CFO did not approve letters and that we should provide the Pay point Managers with the opportunity to submit all outstanding Payrolls by the middle of April 2013, where-after they can be charged.
Expenditure Management	2011/12	(1) In relation to infrastructure payments, where VAT will be verified at review stage before authorization and a printout attached to the batch, printers were only received during the month end of March, this procedure will be fully implemented during 2013/2014 financial year. Currently supplier ledgers are used to verify the amount already paid, as not to exceed the VAT threshold.
Revenue Management	2011/12	Support visits have been done to all districts, hospital complexes and regional hospitals to reinforce implementation of relevant policies and procedures. Monitoring visits will start in November to check level of compliance. However, there are capacities control measures in this area, including inter alia lack of automated patient billing systems, insufficient and inexperienced officials in hospital revenue components, and the department will be always challenged in the full implementation of policies.

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Nature of qualification, qualified opinion; and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
Budget Management	2011/12	The over spending is primarily attributed to the increased costs arising from the absence of funding and/or shortfalls in the funding of the Human Resource Operating Project Team (HROPT), the Occupation Specific Dispensation (OSD) carry through costs, the settlement of long outstanding HR accruals as well as the carry through costs of provincialization of state aided hospitals primary health care. It is historically known that the Department of Health has been under severe financial pressure over several years, the situation of which has been caused by inter alia, the magnitude of its current service delivery platform, the growth in the burden of disease provincially, the top slicing of its budgets, various unfunded and underfunded mandates as well as limitations in the adequate management of its cost of employment. Actions: - On 20TH June 2012, Provincial Treasury made the following recommendations to EXCO: - Noting progress made to date in dealing with the CoE budget pressure in DoH, including OTP's recommendations to manage appointments in DoH to end of the FY; - No new or replacement appointments to be undertaken by DoH without concurrence with PCMT. - The Appointment functions in DoH to be taken over by OTP. - Payment authorization functions in DoH to remain with PT. - Noting PT's proposal to institute a partial section 18(2) of the PFMA as a means to mitigate and manage the CoE budget pressure in DoH. - Noting the R 421,04 million budget pressure in DoH. - Noting the fact that Treasury, with the support of the Premier, has approved that the payment of R 270,20 million for Health professionals without the budget be made, with the plans to finalize financing thereof during the adjustment estimates process. - Vacant and unfunded posts were abolished on 21 June 2012; A total of 36,493 posts were abolished - Currently, National DOH has commissioned the development of Generic Organisational Structures in conjunction with DPSA - Approved Post Listing (APL) Effective managing of requests for the activation, de-activation and creation of posts Effective managing of the approved staff establishment that reflects both the actual number of staff employed by the Department and the actual number of activated(funded) vacancies through the deactivation of unfunded vacancies and reduction of the active staff establishment to only the filled and activated(vacant funded) posts.
Asset Management	2011/12	The department in the 2011/12 financial year worked extremely hard in ensuring that assets are safeguarded in that one of the key controls and or system that was and is in place is the asset register which records assets of the; yearly asset verification which is a statutory requirement reconciling assets bought to assets in the asset register. These systems are in place, however the problem is that although the asset register is in place it is usually not complete and information is not accurate. Moratorium on employment of support staff and lack of budget make it impossible to employ. Therefore the Accounting Officer has complied with 38(1) (d) of the PFMA and TR 10.1.1(a).

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Nature of qualification, qualified opinion; and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
Financial Misconduct	2011/12	The department has no requisite skills and capacity to investigate financial misconduct cases. Line management with the support of the Directorate: Labour Relations is required to conduct such investigations and submit reports and outcomes of the investigation including appropriate and effective action taken against the responsible officials. The Superintendent General will determine the effectiveness and appropriateness of action taken in terms of Chapter 9 of the Treasury Regulations. The DC Committee established with the assistance of the Office of the Premier is focusing on the previous cases.
Pre-determined Objectives Areas		
Usefulness of Information	2011/12	The information on District Health Information System (DHIS) is measured by the quality indices that are timeliness, completeness and validity. The issue that the department is addressing is the discrepancy on certain data elements between registers and the DHIS. The control measures that are being put in place to address this challenge include training and mentoring of health providers, data capturers, clinic supervisors and sub-district manager's data processing. A compliance tool that monitors data processing at different levels has been developed and is being communicated for implementation. In addition, the drive is towards capturing of data on a daily basis at facility level where it can be easily verified and validated as opposed to capturing at sub-district level at the end of the month; this will impact positively on the three quality indices mentioned above. Whilst this may be the case, this intervention has resource implications that limit progress most of the time; for example, facilities have to have connectivity, computers and data capturers. This intervention involves the national department of health as it affects the whole country. The national DoH has started training data capturers on this new way of capturing. As part of this strategy, there is automation of the HIV /AIDS data registers as well. The department however, remains implementing the policy for clients attending the PHC facilities to take their patient folders home.
Reliability of Information	2011/12	The many data collection tools in the DoH health facilities and the way the facilities capture their information are the major risk factors that affect the reliability of information. To address this challenge, the DoH is rationalizing registers to minimize errors and automating selected functions in health facilities that have computers. This includes the introduction of daily capturing to those areas where there are computers and data capturers.
Achievement of planned targets	2011/12	The budget cut as the budgeting process came after the submission of the APP. This resulted in huge budgetary pressures that put tremendous strain on the capability of the department to discharge fully its responsibilities. The budget shift in the economic classification to mitigate against pressure areas like CoE has rendered the institutions to fail in meeting some of their plans. At times there are policy directives that are to be reported but that come after the finalisation and tabling of the planning documents. Some of the policy shifts and responsibilities of the department were partly or fully unfunded and this had additional strain on finances.

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17. Exemptions and deviations received from the National Treasury

In the previous financial year, National Treasury issued an exemption with regards to the treatment of payments to the Government Fleet Management Services (GFMS). The exemption allowed departments to continue to account and disclose payments made to GFMS as operating leases.

The accounting and reporting of GFMS payments in the 2012/13 financial year are now treated as finance leases.

18. Interim Financial Statements

During the course of the year under review, the department complied with the requirements of National Treasury insofar as the complete and timely quarterly submission of Interim Financial Statements (IFS) to the EC Provincial Treasury is concerned.

An attempt was made to provide as much relevant information and supporting documentation, in the form of credible IFS working paper files, as possible with said IFS so that the culture of departmental co-operation and responsiveness and level of compliance may be influenced in a positive manner, especially for readiness toward the year-end Annual Financial Statements (AFS).

In addition, the department also complied with Provincial Treasury Circular 1 and 3 pertaining to reporting on progress of key finance performance indicators and the submission of monthly management accounts respectively. The afore-going can be verified with Provincial Treasury.

19 Other

19.1 HROPT

Following the audit findings by Grant Thornton, namely that 99% of the 2009 HROPT promotions were irregular, EXCO resolved that all such promotions be reversed and over-payments recovered.

The Department's attempts to implement the resolution were met with a court injunction obtained by affected employees' trade unions, which ordered re-instatement of reversed promotions, pending consultation processes with staff.

Pursuant to previous reports, the Department of Health and employee parties (individuals and trade union led) met in court on 16 August 2012 to deal with the application to discharge the interim order. The interim order dated April 2011, prevented reversal of promotions and recovery of over-payments.

Judge Basson discharged the interim order on 16 August 2012, basically clearing the way for the Department to implement the EXCO resolution i.e. reverse promotions / recover over-payments.

With the interdict out of the way, the Department issued letters of notification to all affected employees informing them that reversals and recoveries would take place from 01 October 2012.

The delay was partly because labour unions asked for the Department's indulgence until 31 August 2012, during which time they would negotiate/present proposals for the implementation of reversals/recoveries. Unfortunately, until the agreed period labour unions had not presented any viable proposal for consideration by the Department.

Statistics: Demotions

In total, 1085 employees benefitted from irregular promotions and/or salary back-pays in lieu of such promotions. Of these only 790 could be reversed (demoted) from 01 October 2012 because:

- 167 Category 13 staff members, meaning that these staff members applied and got a post of level 8 and higher, prior or on 31 March 2009; and
- 128 staff members were identified as staff that terminated on the system

Reversals / lowering of salary levels also included SASAWU members

This means, had it not been for various terminations of service for reasons ranging from death, retirement, etc., a total 918 staff members could have been demoted.

Statistics: Recoveries

Letters informing of the planned reversals also indicated that recoveries (as per Settlement Agreement of January 2012) i.e. R100 will also be effected from 01 October 2012 (safe for SASAWU members). This means, R100 p/m would only be

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instated against all other employee except for SASAWU members – against whom a process will soon be embarked upon to recover debts in full.

The initial indications are that for 790 staff members, that had a salary reduction, the Department saves R 53,961 million annually and R 4,497 million monthly. That constitutes an average of R 5,692 million salary reduction per staff member.

The figure above excludes benefits and is purely based on the notch, if we include 37% benefits the figures look as follows. For the same number of staff with benefits the annual saving is R 73,926 million and R 6,161 million monthly.

As far as the Department is concerned, irregular promotions have been reversed in accordance with the Settlement Agreement of 26 January 2012. Now the Department can rectify and normalise its organogram.

As previously reported, employee parties lodged an application in court seeking an order with regards to which legal instruments could be relied on when reviewing promotions. Note that the Settlement Agreement created an avenue where employees who believe their 2009 promotions to have been justified, to come before the arbitrator and present same. These instruments were argued before labour court on 26 September 2012 – and judgement is still awaited.

On 15 October 2012, counsel for the Department received a letter from PSA which raised several baseless issues (requiring the Department's clarification) and even threatening a possibility of approaching court for an interdict against reversals. Of course, this course of action would have been after the fact i.e. after reversals had taken place.

Although confident of its position, the Department has taken every step to ready itself for any eventuality. This includes a final letter issued to affected staff just before 15th October 2012, basically confirming that reversals/demotions/lowering of salary levels have taken place. It must be noted that some trade unions – have ordered their members not to accept any letters from the Department.

Relating to HROPT above, during the current year, affected employees have had R100 per month deducted from their salaries and this amounted to R0,3 million in the current year. Where affected staff resign or are dismissed, the full amount of HROPT

owing becomes receivable by the department (R456,5 million).

If affected staff pay their R100 until they retire, the department will recover R11,9 million. If affected staff die, none of the outstanding balances receivable by the department.

19.2 OSD

An OSD contingent asset amounting to R0,887 million has been raised. This is in relation to allied workers and nurses OSD overpaid in the current and previous financial years. The Allied health professionals were overpaid due to incorrect PERSAL Codes as a result of programmatic payments of 5% once-off non-pensionable gratuity to employees who were in service as at 30 June 2010 and nurses overpaid before 07 August 2009.

The issue of recovery of funds paid erroneously to nurses during the initial implementation of the nurses would be dealt with separately on the basis of guidance that will be provided by National Treasury, and subsequently communicated to provinces. No decision has yet been communicated to the Provincial Health Departments.

Engineers Cluster OSD: The Engineers Cluster OSD for Artisans, Technicians, Technologists and Engineers was signed in August 2009 with an effective date of 1 July 2009. As the Agreement was signed in the General Public Service Sector Bargaining Council, there was a technicality as it could not be implemented because the Department has a separate Bargaining Council.

The Public Health and Social Development Sectoral Bargaining Council (PHSDSBC) approved the Resolution no 2 of 2012 on 29 November 2012 and the Agreement was made available in the Department in January 2013. Information on affected employees has been collected and the estimated cost up to 31/03/2013 is R4,032 million. However, an internal audit process is underway to ensure credibility of the information.

19.3 HR Accruals

Due to the size of the department and the manual processing of transactions the department has a challenge with the completeness of HR accruals. Although compensating controls have been introduced

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such as conducting confirmation, the risk associated with manual processes exists.

19.4 Bad Debts

The department wrote off bad debts related to salary debts but was limited by inadequate funding in order to write - off all bad debts.

19.5 Related Parties

For the year under review the department commissioned a firm of professional consultants and accountants to extract information from CIPC and BAS. The report has been received and is currently being processed to determine whether employees obtained approval for performing additional remunerated work and disclosed their financial interest in businesses that do business with the department. Disciplinary action will be instituted against employees if found not to have complied with Section 30 of the Public Service Act and departmental policy of additional remunerated work.

20 Approval

The Annual Financial Statements set out on pages 365 to 454 have been approved by the Accounting Officer.

ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

Statement of Responsibility for the Annual Financial Statements for the year ended 31 March 2013

The Accounting Office is responsible for the preparation of the department's annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements

In my opinion, the financial statements fairly reflects the operations of the department for the financial year ended 31 March 2013

The external auditors are engaged to express an independent opinion on the AFS of the department.

The Department of Health AFS for the year ended 31 March 2013 have been examined by the external auditors and their report is presented on page 356.

The Annual Financial Statements of the Department set out on page 365 to page 454 have been approved.



MR. M.D. QWASE
ACTING SUPERINTENDENT GENERAL
31 MAY 2013

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VOTE 3

REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2013

**REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL
LEGISLATURE ON VOTE NO. 3: THE EASTERN CAPE DEPARTMENT OF HEALTH**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Eastern Cape Department of Health set out on pages 365 to 454, which comprise the appropriation statement, the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the departmental financial reporting framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

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for the year ended 31 March 2013**Basis for qualified opinion****Irregular expenditure**

6. The department did not have adequate systems in place to identify and disclose all irregular expenditure incurred during the year as required by section 40(3)(b)(i) of the PFMA. The irregular expenditure disclosed in note 28 to the financial statements is understated in respect of amounts of R48,4 million (2011-12: R269,2 million) incurred during the year that were identified during the audit process, while the opening balance for 2011-12 is also understated by R109,8 million in this regard. Due to the inadequate systems in place, it was impracticable for me to determine the full extent of the understatement of irregular expenditure. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure disclosed at R398 million (2011-12: R1,179 billion).

Employee benefits

7. Employee benefits as disclosed in disclosure note 25 to the financial statements are overstated by R108,7 million as a result of leave days that were not captured at year-end and calculation errors relating to capped leave and other employee benefits.
8. In addition, sufficient appropriate audit evidence including employee files were not available for capped leave commitments reflected as R845,3 million, and other employee benefits reflected as R611 million (2011-12: R190,1 million) as disclosed in disclosure note 25. I was not able to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments to the disclosed amounts were necessary.

Commitments

9. Commitments of R2,7 billion as disclosed in note 23 to the financial statements are overstated by R144 million as the department did not have an effective system in place to identify and remove orders for which the commitment did not exist as the goods and services had been received before year-end.
10. During the 2011-12 financial year commitments disclosed in note 23 to the financial statement were overstated by R125,6 million as there were differences between the supporting documentation and the amounts reflected in the commitments schedules that supported the amount in the financial statements. In addition, the department did not provide adequate supporting documentation for commitments reflected in note 23 to the financial statements and I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the corresponding figure for commitments of R2,8 billion as disclosed in note 23 to the financial statements.

Expenditure

11. During the 2011-12 financial year, expenditure was incorrectly classified in the accounting records of the department, which resulted in expenditure for capital assets being understated by R8,3 million, current expenditure – goods and services being overstated by R96,9 million, current expenditure – interest and rent on land being understated by R6,4 million and

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transfers and subsidies being understated by R82,2 million in the statement of financial performance and notes 6, 7 and 10 to the financial statements.

12. Furthermore, it was not possible to agree amounts charged by service providers for payments made of R361 million (2011-12: R393,2 million) as no reconciliations were performed by the department to ensure that services rendered and paid for were only for departmental patients. In addition, the department did not provide adequate supporting documentation that goods and services of R25,6 million (2011-12: R95,2 million) were actually received. I was unable to confirm the receipt of these goods and services by alternative means. Furthermore, management did not provide sufficient appropriate audit evidence for transactions amounting to R26,5 million. Consequently, I was unable to determine whether any further adjustments were necessary to the amount of R4,4 billion (2011-12: R4 billion) relating to goods and services as disclosed in note 6 to the financial statements.

Aggregation of immaterial uncorrected misstatements

13. The corresponding amounts in the financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the disclosure notes to the financial statements:
 - Movable tangible capital assets reflected as R779,5 million in note 35.3 to the financial statements are understated by R87,3 million and minor capital assets reflected as R131 million in note 35.4 to the financial statement are understated by R6,3 million.
 - Accruals reflected as R894,8 million in note 24 to the financial statements are understated by R80,2 million.

Qualified opinion

14. In my opinion, except for the effects, and possible effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Eastern Cape Department of Health as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with the *Departmental financial reporting framework* prescribed by the National Treasury and the requirements of the PFMA and DoRA.

Emphasis of matter

15. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Material impairments and write-offs

16. Movable tangible capital assets to the value of R412 million as disclosed in note 35.2 to the financial statements were written off during the year. Refer to note 35.2 to the financial statements for the details thereof.

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for the year ended 31 March 2013**Additional matter**

17. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Financial reporting framework

18. The *Departmental financial reporting framework* prescribed by the National Treasury and applied by the department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework and not that they “present fairly”. Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

19. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

20. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 75 to 228 of the annual report.
21. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information* (FMPPI).

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

22. The material findings are as follows:

Usefulness of information

23. The National Treasury *Guide for the preparation of the annual report* requires that explanations for variances between the planned and reported (actual) targets should be provided in all instances and should also be supported by adequate and reliable corroborating evidence. Adequate and reliable corroborating evidence could not be provided for 83% of major variances as disclosed in the annual performance report. The institution's records did not permit the application of alternative audit procedures due to limitations placed on the scope of my work by the institution. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the reliability of the reasons for major

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VOTE 3REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2013

variances.

24. The FMPPI requires that indicators should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 82% of the indicators were not well defined in that clear, unambiguous data definitions were not disclosed to allow for data to be collected consistently. This was due to the fact that management had selected data definitions that did not reflect the actual source data collated for reported performance.

Reliability of information

25. The FMPPI requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.
26. In respect of programme 2, district health services, I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented. This was due to limitations placed on the scope of my work due to the fact that the institutions could not provide sufficient appropriate evidence in support of the information presented with respect to the programme. The institution's records did not permit the application of alternative audit procedures.
27. The reported performance information as a whole for programme 4, provincial hospital services, is materially misstated due to the cumulative effect of numerous misstatements in the targets relevant to this programme. This was due to the lack of standard operating procedures for the accurate recording of actual achievements as well as the monitoring of the completeness of source documentation in support of actual achievements. Frequent review of the validity of reported achievements against source documentation was also found to be poor.
28. The reported performance information as a whole for programme 5, provincial tertiary hospital services, is materially misstated due to the cumulative effect of numerous misstatements in the targets relevant to this programme. This was due to the lack of standard operating procedures for the accurate recording of actual achievements as well as the monitoring of the completeness of source documentation in support of actual achievements. Frequent review of the validity of reported achievements against source documentation was also found to be deficient.

Compliance with laws and regulations

29. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Annual financial statements, performance and annual report

30. The financial statements submitted for auditing were not supported by full and proper records as required by section 40(1)(a) of the PFMA. Material misstatements of expenditure and

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disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

31. In terms of section 38(1)(a)(i) of the PFMA, the accounting officer must ensure that the department has and maintains effective, efficient, and transparent systems of financial and risk management and internal control. However, the department did not maintain an effective and efficient system of internal control regarding performance management, which described and represented how the department's processes of performance monitoring, measurement, review and reporting were conducted, organised and managed.

Human resource management

32. The accounting officer did not ensure that all leave taken by employees was recorded accurately and in full as required by Public Service Regulation (PSR) 1/V/F (b).
33. The accounting officer did not implement effective measures to ensure that the incapacity leave processes were completed timely, as required by PSR 1/V/F(c).

Grants received

34. Quarterly performance reports for several schedule 4 and 5 grants were not submitted to the relevant transferring department, provincial treasury or the national treasury within 30 days, as required by section 11(4)(b) and section 12(2)(c) of DoRA.

Revenue management

35. The accounting officer did not take effective and appropriate steps to collect all money due, as required by section 38(1)(c)(i) of the PFMA and TR 11.2.1, 15.10.1.2(a) and 15.10.1.2(e).

Financial misconduct

36. Sufficient appropriate audit evidence could not be obtained that investigations into allegations of financial misconduct against officials were not instituted within 30 days of discovery thereof, as required by TR 4.1.2.
37. Investigations were not conducted into certain allegations of financial misconduct committed by officials, as required by TR 4.1.1.

Service delivery

38. Expired medicines were not properly managed and disposed of consistently, in contravention of Good Pharmacy Practice (GPP) as per the South African Pharmaceutical Society which is obligatory in terms of section 35 A of the Pharmacy Act (Act No. 53 of 1974) as amended.
39. The department did not adhere consistently to the general requirements for the storage of medical waste or general duties in respect of waste management at institutions visited, in contravention of section 28 of the National Environmental Management Act, 1998 (Act No.

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107 of 1998) and sections 16 and 21 of the National Environmental Management Waste Act, 2008 (Act No. 59 of 2008) as several medical waste storage sites were found not to be secured against unauthorised entry, not waterproofed adequately or inspected regularly to identify potential storage issues in a timely manner.

Expenditure management

40. The accounting officer did not always take effective steps to prevent irregular and fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the PFMA and TR 9.1.1.
41. Effective and appropriate disciplinary steps were not always taken against officials who made and/or permitted irregular expenditure as required by section 38(1)(h)(iii) of the PFMA and TR 9.1.3.
42. The accounting officer did not always take effective steps to prevent losses resulting from criminal conduct, as required by section 38(1)(c)(ii) of the PFMA.
43. Effective and appropriate steps were not always taken to recover losses or damages through criminal conduct or omissions from the persons responsible, as required by TR 12.
44. The accounting officer did not ensure that effective internal controls were in place for all payment approvals and processing, as required by TR 8.1.1.
45. Not all money was committed with the approval of the accounting officer or a properly authorised official, as required by TR 8.2.1 and 8.2.2.
46. Not all contractual obligations and money owed by the department were settled within 30 days or an agreed period, as required by section 38(1)(f) of the PFMA and TR 8.2.3.

Procurement and contract management

47. Not all goods and services with a transaction value below R500 000 were procured by means of obtaining the required price quotations, as required by TR 16A6.1.
48. Invitations for competitive bidding were not always advertised in at least the government tender bulletin, as required by TR 16A6.3(c).
49. Invitations for competitive bidding were not always advertised for a required minimum period of 21 days, as required by TR 16A6.3(c).
50. Sufficient appropriate audit evidence could not be obtained that bid adjudication was done by committees which were composed in accordance with the policies of the department, as required by TR 16A6.2(a), (b) and (c).
51. Contracts were awarded to bidders who did not submit a declaration of past supply chain practices such as fraud, abuse of supply chain management (SCM) system and non-performance, which is prescribed in order to comply with TR 16A9.2.
52. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA) and its regulations.
53. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders that scored the highest points in the evaluation process as required by section 2(1)(f) of PPPFA and Preferential Procurement Regulations.

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54. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with TR 16A8.3.
55. Not all allegations of fraud, corruption, improper conduct and failure to comply with the SCM system, laid against officials and role players in the SCM system, were investigated as required by TR 16A9.1(b).

Internal control

56. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

57. Effective leadership around performance management remains a challenge as the roles and responsibilities for collecting, coordinating and compiling performance information have been communicated to all relevant staff but there is no effective accountability at all levels and no consequences for poor performance.
58. Policies and procedures were not clearly communicated throughout the department and were not drafted with sufficient emphasis on the roles of monitoring and isolation of responsibilities. Officials at the districts throughout the province did not understand the policies and procedures relating to their job responsibilities which contributed to the repeat findings raised during the compliance audit. The SCM policy was also outdated and did not safeguard or reduce the risk of fraud within the department.
59. Senior management from the monitoring and evaluation unit, responsible for the performance reporting of the department, has not created a specific and achievable action plan to improve the reporting on performance objectives in order to resolve previously reported findings that I report again in this report.

Financial and performance management

60. The department did not have an effective records management system in place and was reliant on the use of manual systems to account for financial disclosures and non-financial information. The department still had a challenge with a shortage of staff and officials at the districts did not have adequate skills and knowledge to understand the financial reporting framework and performance management requirements.
61. The department's compliance monitoring unit has not been effective in implementing and monitoring controls to ensure compliance with its laws and regulations. This contributed to the repeat non-compliance findings in the current year.

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Governance

62. Action plans to address risks identified by the department's risk committee have not been effectively implemented.
63. The audit committee need to ensure that the internal audit is sufficiently capacitated and that their audit plans focuses more on compliance with laws and regulations and reporting on predetermined objectives as recurring findings in these areas have been identified during the year.

OTHER REPORTS

Investigations

64. Investigations were in progress relating to alleged fraud and financial misconduct by departmental officials, including transgressions of SCM requirements. These investigations were still ongoing at the reporting date.

Madelon - L. S. M. M.

East London

31 July 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
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APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per programme									
	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1. HEALTH ADMINISTRATION									
Current payment	531,856	(3,512)	(7,202)	521,142	521,757	(615)	100.1%	544,967	538,324
Transfers and subsidies	4,403	-	(2,042)	2,361	2,361	-	100.0%	343	275
Payment for capital assets	4,118	3,512	3,498	11,128	10,928	200	98.2%	4,100	5,211
Payment for financial assets	-	-	-	-	17	(17)	0.0%	-	88
	540,377	-	(5,746)	534,631	535,063	(432)		549,410	543,898
2. DISTRICT HEALTH SERVICES									
Current payment	7,511,218	(44,189)	218,265	7,685,294	7,761,365	(76,071)	101.0%	6,824,394	7,150,397
Transfers and subsidies	131,506	-	(2,648)	128,858	123,784	5,074	96.1%	110,154	103,076
Payment for capital assets	43,270	44,189	-	87,459	68,480	18,979	78.3%	50,211	31,793
	7,685,994	-	215,617	7,901,611	7,953,629	(52,018)		6,984,759	7,285,266
3. EMERGENCY MEDICAL SERVICES									
Current payment	718,597	(76,370)	(54,880)	587,347	539,700	47,647	91.9%	597,476	597,125
Transfers and subsidies	2,079	-	-	2,079	1,857	222	89.3%	68	68
Payment for capital assets	3,488	76,370	(1,890)	77,968	77,968	-	100.0%	52,440	47,395
	724,164	-	(56,770)	667,394	619,525	47,869		649,984	644,588
4. PROVINCIAL HOSPITAL SERVICES									
Current payment	4,058,345	(21,087)	(125,894)	3,911,364	3,905,738	5,626	99.9%	3,820,346	3,834,096
Transfers and subsidies	39,102	8,510	4,690	52,302	50,062	2,240	95.7%	10,230	10,230
Payment for capital assets	6,715	12,577	-	19,292	23,216	(3,924)	120.3%	33,435	15,928
	4,104,162	-	(121,204)	3,982,958	3,979,016	3,942		3,864,011	3,860,254
5. CENTRAL HOSPITAL SERVICES									
Current payment	590,261	-	-	590,261	587,390	2,871	99.5%	549,590	553,069
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	112,158	-	-	112,158	69,780	42,378	62.2%	97,514	74,006
	702,419	-	-	702,419	657,170	45,249		647,104	627,075

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Appropriation per programme									
	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
6. HEALTH SCIENCE AND TRAINING									
Current payment	435,405	(2,436)	(22,966)	410,003	356,482	53,521	86.9%	408,092	390,723
Transfers and subsidies	218,852	-	-	218,852	216,311	2,541	98.8%	198,193	196,368
Payment for capital assets	8,950	2,436	(1,608)	9,778	7,171	2,607	73.3%	21,437	18,712
Payment for financial assets	-	-	-	-	-	-	0.0%	-	21
	663,207	-	(24,574)	638,633	579,964	58,669		627,722	605,824
7. HEALTH CARE AND SUPPORT SERVICES									
Current payment	91,523	(295)	(7,323)	83,905	81,844	2,061	97.5%	86,479	76,426
Transfers and subsidies	762	-	-	762	111	651	14.6%	333	270
Payment for capital assets	2,350	295	-	2,645	2,354	291	89.0%	3,200	2,051
	94,635	-	(7,323)	87,312	84,309	3,003		90,012	78,747
8. HEALTH FACILITIES DEVELOPMENT AND MAINTENANCE									
Current payment	532,795	-	-	532,795	576,052	(43,257)	108.1%	395,069	371,944
Transfers and subsidies	-	-	-	-	-	-	0.0%	13	13
Payment for capital assets	685,145	-	-	685,145	616,116	69,029	89.9%	1,002,898	873,087
	1,217,940	-	-	1,217,940	1,192,168	25,772		1,397,980	1,245,044
Subtotal	15,732,898	-	-	15,732,898	15,600,844	132,054	99.2%	14,810,982	14,890,696

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APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per programme									
	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Subtotal - b/f	15,732,898	-	-	15,732,898	15,600,844	132,054	99.2%	14,810,982	14,890,696
Statutory Appropriation									
Current payment	1,652	-	-	1,652	1,668	(16)	101.0%	1,586	1,586
TOTAL	15,734,550	-	-	15,734,550	15,602,512	132,038	99.2%	14,812,568	14,892,282
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				33,044				10,274	
Aid assistance				4,116					
Actual amounts per Statement of Financial Performance (Total Revenue)				15,771,710				14,822,842	
Add: Aid assistance					3,378				8,707
Actual amounts per Statement of Financial Performance					15,605,890				14,900,989

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
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Total Appropriation per Economic classification									
Programmes	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current payments									
Compensation of employees	10,228,158	(155,928)	(193,793)	9,878,437	9,825,805	52,632	99.5%	9,182,174	9,478,971
Goods and services	4,243,808	8,039	193,793	4,445,640	4,504,153	(58,513)	101.3%	4,044,239	4,019,161
Interest and rent on land	-	-	-	-	4,296	(4,296)	0.0%	-	13,971
Transfers & subsidies									
Provinces & municipalities	8,084	-	-	8,084	7,928	156	98.1%	-	-
Departmental agencies & accounts	29,436	-	-	29,436	24,428	5,008	83.0%	45,770	42,411
Universities & technikons	101,845	-	-	101,845	101,770	75	99.9%	138,649	133,975
Households	255,338	8,510	-	263,848	260,360	3,488	98.7%	134,915	133,914
Payment for capital assets									
Buildings & other fixed structures	654,810	-	-	654,810	598,417	56,393	91.4%	913,380	830,244
Machinery & equipment	211,419	139,379	-	350,798	273,670	77,128	78.0%	351,767	237,940
Payment for financial assets									
	-	-	-	-	17	(17)	0.0%	88	109
Total	15,732,898	-	-	15,732,898	15,600,844	132,054	99.2%	14,810,982	14,890,696

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
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APPROPRIATION STATEMENT
for the year ended 31 March 2013

Statutory Appropriation									
Programmes	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Member of executive committee	1,652	-	-	1,652	1,668	(16)	101.0%	1,586	1,586
Total	1,652			1,652	1,668	(16)	101.0%	1,586	1,586

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
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APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per programme 1 - HEALTH ADMINISTRATION									
Details per Sub-Programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1.1 OFFICE OF THE MEC									
Current payment	5,387	(1,171)	-	4,216	4,194	22	99.5%	4,502	4,203
Transfers and subsidies	-	-	(2,042)	(2,042)	-	(2,042)	0.0%	-	-
Payment for capital assets	62	-	3,498	3,560	57	3,503	1.6%	1,000	858
1.2 MANAGEMENT									
Current payment	526,469	(2,341)	(7,202)	516,926	517,563	(637)	100.1%	540,465	534,121
Transfers and subsidies	4,403	-	-	4,403	2,361	2,042	53.6%	343	275
Payment for capital assets	4,056	3,512	-	7,568	10,871	(3,303)	143.6%	3,100	4,353
Payment for financial assets	-	-	-	-	17	(17)	0.0%	-	88
Total	540,377	-	(5,746)	534,631	535,063	(432)	100.1%	549,410	543,898

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
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APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per programme									
Programme 1 Per Economic classification	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current payments									
Compensation of employees	326,929	(30,087)	(7,202)	289,640	287,262	2,378	99.2%	293,383	287,379
Goods and services	204,927	26,575	-	231,502	232,697	(1,195)	100.5%	251,584	248,265
Interest and rent on land	-	-	-	-	1,798	(1,798)	0.0%	-	2,680
Transfers & subsidies									
Households	4,403	-	(2,042)	2,361	2,361	-	100.0%	343	275
Payment for capital assets									
Machinery & equipment	4,118	3,512	3,498	11,128	10,928	200	98.2%	4,012	5,211
Payment for financial assets									
	-	-	-	-	17	(17)	0.0%	88	88
Total	540,377	-	(5,746)	534,631	535,063	(432)	100.1%	549,410	543,898

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
VOTE 3

APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per programme 2 - DISTRICT HEALTH SERVICES									
Details per Sub-Programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
2.1 DISTRICT MANAGEMENT									
Current payment	547,931	(51,358)	7,202	503,775	504,289	(514)	100.1%	537,019	562,499
Transfers and subsidies	39,470	(349)	(2,046)	37,075	37,074	1	100.0%	37,112	37,111
Payment for capital assets	2,952	20,559	-	23,511	23,585	(74)	100.3%	6,551	6,146
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
2.2 COMMUNITY HEALTH CLINICS									
Current payment	1,431,901	36,635	190,618	1,659,154	1,727,147	(67,993)	104.1%	1,335,720	1,397,227
Transfers and subsidies	-	175	-	175	175	-	100.0%	1,000	847
Payment for capital assets	280	(141)	-	139	139	-	100.0%	119	791
2.3 COMMUNITY HEALTH CENTRES									
Current payment	784,707	(19,928)	-	764,779	766,848	(2,069)	100.3%	613,198	729,972
Transfers and subsidies	161	-	-	161	161	-	100.0%	762	294
Payment for capital assets	58	2,130	-	2,188	2,222	(34)	101.6%	10	989
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
2.4 COMMUNITY BASED SERVICES									
Current payment	411,798	(3,248)	-	408,550	419,382	(10,832)	102.7%	396,143	398,314
Transfers and subsidies	8,084	174	-	8,258	8,102	156	98.1%	138	40
Payment for capital assets	2,950	2,558	-	5,508	5,507	1	100.0%	1,966	288
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
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APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per programme 2 - DISTRICT HEALTH SERVICES									
Details per Sub-Programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
2.5 OTHER COMMUNITY SERVICES									
Current payment	96,964	14,428	-	111,392	115,990	(4,598)	104.1%	103,225	88,695
Payment for capital assets	1,040	(732)	-	308	308	-	100.0%	16	16
2.6 HIV/AIDS									
Current payment	982,594	-	5,335	987,929	973,311	14,618	98.5%	859,998	852,530
Transfers and subsidies	56,626	-	-	56,626	51,709	4,917	91.3%	66,980	60,617
Payment for capital assets	30,215	-	-	30,215	7,852	22,363	26.0%	13,685	10,822
2.7 NUTRITION									
Current payment	76,493	(14,599)	-	61,894	61,894	-	100.0%	58,425	56,516
Payment for capital assets	615	-	-	615	55	560	8.9%	-	-
2.8 CORONER SERVICES									
Current payment	86,480	(17,902)	-	68,578	70,346	(1,768)	102.6%	68,756	74,164
Payment for capital assets	1,800	2,790	-	4,590	4,589	1	100.0%	18,289	10,881
2.9 DISTRICT HOSPITALS									
Current payment	3,092,350	11,783	15,110	3,119,243	3,122,158	(2,915)	100.1%	2,851,910	2,990,480
Transfers and subsidies	27,165	-	(602)	26,563	26,563	-	100.0%	4,162	4,167
Payment for capital assets	3,360	17,025	-	20,385	24,223	(3,838)	118.8%	9,575	1,860
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
Total	7,685,994	-	215,617	7,901,611	7,953,629	(52,018)	100.7%	6,984,759	7,285,266

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
VOTE 3

APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per programme									
Programme 2 Per Economic classification	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current payments									
Compensation of employees	5,588,008	(92,702)	-	5,495,306	5,491,541	3,765	99.9%	4,891,224	5,164,809
Goods and services	1,923,211	48,513	218,265	2,189,989	2,269,206	(79,217)	103.6%	1,933,170	1,982,660
Interest and rent on land	-	-	-	-	618	(618)	0.0%	-	2,928
Transfers & subsidies									
Provinces & municipalities	8,084	-	-	8,084	7,928	156	98.1%	-	-
Departmental agencies & accounts	23,636	-	-	23,636	18,719	4,917	79.2%	45,770	42,411
Universities & technikons	32,990	-	-	32,990	32,990	-	100.0%	21,210	18,211
Households	66,795	-	(2,648)	64,147	64,147	-	100.0%	43,174	42,454
Payment for capital assets									
Buildings & other fixed structures	1,186	-	-	1,186	-	1,186	0.0%	14,565	7,383
Machinery & equipment	42,084	44,189	-	86,273	68,480	17,793	79.4%	35,646	24,411
Payment for financial assets									
Total	7,685,994	-	215,617	7,901,611	7,953,629	(52,018)	100.7%	6,984,759	7,285,267

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
VOTE 3

APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per programme 3 - EMERGENCY MEDICAL SERVICES									
Details per Sub-Programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
3.1 EMERGENCY MEDICAL SERVICES									
Current payment	696,329	(76,370)	(47,576)	572,383	524,736	47,647	91.7%	587,684	587,333
Transfers and subsidies	2,079	-	-	2,079	1,857	222	89.3%	68	68
Payment for capital assets	-	77,115	-	77,115	77,115	-	100.0%	51,403	46,396
3.2 PLANNED PATIENT TRANSPORT									
Current payment	22,268	-	(7,304)	14,964	14,964	-	100.0%	9,792	9,792
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	3,488	(745)	(1,890)	853	853	-	100.0%	1,037	999
Total	724,164	-	(56,770)	667,394	619,525	47,869	92.8%	649,984	644,588

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
VOTE 3

APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per programme									
Programme 3 Per Economic classification	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current payments									
Compensation of employees	404,870	-	(37,731)	367,139	366,492	647	99.8%	347,043	347,043
Goods and services	313,727	(76,370)	(17,149)	220,208	173,208	47,000	78.7%	250,433	249,965
Interest and rent on land	-	-	-	-	-	-	0.0%	-	116
Transfers & subsidies									
Households	2,079	-	-	2,079	1,857	222	89.3%	68	68
Payment for capital assets									
Machinery & equipment	3,488	76,370	(1,890)	77,968	77,968	-	100.0%	52,440	47,395
Total	724,164	-	(56,770)	667,394	619,525	47,869	92.8%	649,984	644,587

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
VOTE 3

APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per programme 4 - PROVINCIAL HOSPITAL SERVICES									
Details per Sub-Programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
4.1 GENERAL (REGIONAL) HOSPITALS									
Current payment	3,184,805	11,274	(111,032)	3,085,047	3,079,364	5,683	99.8%	2,995,469	3,016,353
Transfers and subsidies	36,324	8,510	4,690	49,524	49,524	-	100.0%	9,731	9,731
Payment for capital assets	2,360	8,613	-	10,973	12,909	(1,936)	117.6%	22,185	13,095
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
4.2 TB HOSPITALS									
Current payment	363,154	(25,717)	(11,887)	325,550	324,307	1,243	99.6%	332,270	326,955
Transfers and subsidies	558	(56)	-	502	262	240	52.2%	93	93
Payment for capital assets	1,855	2,568	-	4,423	5,666	(1,243)	128.1%	9,000	2,419
4.3 PSYCHIATRIC MENTAL HOSPITALS									
Current payment	510,386	(6,644)	(2,975)	500,767	502,067	(1,300)	100.3%	492,607	490,788
Transfers and subsidies	2,220	56	-	2,276	276	2,000	12.1%	406	406
Payment for capital assets	2,500	1,396	-	3,896	4,641	(745)	119.1%	2,250	414
Total	4,104,162	-	(121,204)	3,982,958	3,979,016	3,942	99.9%	3,864,011	3,860,254

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
VOTE 3

APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per programme									
Programme 4 Per Economic classification	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current payments									
Compensation of employees	3,308,039	(33,139)	(125,894)	3,149,006	3,145,076	3,930	99.9%	3,134,538	3,171,127
Goods and services	752,306	12,052	-	764,358	764,358	-	100.0%	685,808	662,564
Interest and rent on land	-	-	-	-	229	(229)	0.0%	-	405
Transfers & subsidies									
Households	37,102	8,510	4,690	50,302	50,062	240	99.5%	10,230	10,230
Payment for capital assets									
Buildings & other fixed structures	-	-	-	-	-	-	0.0%	2,000	-
Machinery & equipment	6,715	12,577	-	19,292	19,291	1	100.0%	31,435	15,928
Total	4,104,162	-	(121,204)	3,982,958	3,979,016	3,942	99.9%	3,864,011	3,860,254

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
VOTE 3

APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per programme 5 - CENTRAL HOSPITAL SERVICES									
Details per Sub-Programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
5.1 PROVINCIAL TERTIARY SERVICES									
Current payment	590,261	-	-	590,261	587,390	2,871	99.5%	549,590	553,069
Payment for capital assets	112,158	-	-	112,158	69,780	42,378	62.2%	97,514	74,006
Total	702,419	-	-	702,419	657,170	45,249	93.6%	647,104	627,075

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
VOTE 3

APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per programme									
Programme 5 Per Economic classification	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current payments									
Compensation of employees	182,431	-	-	182,431	179,833	2,598	98.6%	141,143	141,107
Goods and services	407,830	-	-	407,830	407,554	276	99.9%	408,447	411,961
Interest and rent on land	-	-	-	-	3	(3)	0.0%	-	1
Payment for capital assets									
Buildings & other fixed structures	25,478	-	-	25,478	23,158	2,320	90.9%	19,918	11,423
Machinery & equipment	86,680	-	-	86,680	46,622	40,058	53.8%	77,596	62,583
Total	702,419	-	-	702,419	657,170	45,249	93.6%	647,104	627,075

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
VOTE 3

APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per programme 6 - HEALTH SCIENCE AND TRAINING									
Details per Sub-Programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
6.1 NURSING TRAINING COLLEGES									
Current payment	309,969	(2,436)	(22,966)	284,567	284,255	312	99.9%	295,986	293,893
Transfers and subsidies	2,710	-	-	2,710	1,938	772	71.5%	500	312
Payment for capital assets	3,208	2,436	(1,608)	4,036	4,036	-	100.0%	3,269	1,926
6.2 EMSTRaining COLLEGE									
Current payment	5,219	-	-	5,219	4,435	784	85.0%	4,978	2,612
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	38
6.3 BURSARIES									
Current payment	1,835	-	-	1,835	1,827	8	99.6%	3,920	1,287
Transfers and subsidies	85,260	-	-	85,260	85,039	221	99.7%	69,699	69,699
Payment for capital assets	-	-	-	-	-	-	0.0%	74	74
6.4 OTHER TRAINING									
Current payment	118,382	-	-	118,382	65,965	52,417	55.7%	103,208	92,931
Transfers and subsidies	130,882	-	-	130,882	129,334	1,548	98.8%	127,994	126,319
Payment for capital assets	5,742	-	-	5,742	3,135	2,607	54.6%	18,094	16,712
Payment for financial assets	-	-	-	-	-	-	0.0%	-	21
Total	663,207	-	(24,574)	638,633	579,964	58,669	90.8%	627,722	605,824

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
VOTE 3

APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per programme									
Programme 6 Per Economic classification	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current payments									
Compensation of employees	368,317	-	(22,966)	345,351	312,872	32,479	90.6%	332,998	324,974
Goods and services	67,088	(2,436)	-	64,652	43,533	21,119	67.3%	75,094	65,576
Interest and rent on land	-	-	-	-	77	(77)	0.0%	-	173
Transfers & subsidies									
Departmental agencies & accounts	5,800	-	-	5,800	5,709	91	98.4%	-	-
Universities & technikons	68,855	-	-	68,855	68,780	75	99.9%	117,439	115,764
Households	144,197	-	-	144,197	141,822	2,375	98.4%	80,754	80,604
Payment for capital assets									
Machinery & equipment	8,950	2,436	(1,608)	9,778	7,171	2,607	73.3%	21,437	18,712
Payment for financial assets									
	-	-	-	-	-	-	0.0%	-	21
Total	663,207	-	(24,574)	638,633	579,964	58,669	90.8%	627,722	605,824

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
VOTE 3

APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per programme 7 - HEALTH CARE AND SUPPORT SERVICES									
Details per Sub-Programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
7.1 ORTHOTIC AND PROSTHETIC SERVICES									
Current payment	34,930	(183)	(2,437)	32,310	31,229	1,081	96.7%	32,772	31,057
Transfers and subsidies	150	-	-	150	-	150	0.0%	232	131
Payment for capital assets	850	183	-	1,033	879	154	85.1%	1,200	496
7.2 MEDICINE TRADING ACCOUNT									
Current payment	56,593	(112)	(4,886)	51,595	50,615	980	98.1%	53,707	45,369
Transfers and subsidies	612	-	-	612	111	501	18.1%	101	139
Payment for capital assets	1,500	112	-	1,612	1,475	137	91.5%	2,000	1,555
Total	94,635	-	(7,323)	87,312	84,309	3,003	96.6%	90,012	78,747

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
VOTE 3

APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per programme									
Programme 7 Per Economic classification	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current payments									
Compensation of employees	37,215	-	-	37,215	35,154	2,061	94.5%	35,437	35,436
Goods and services	54,308	(295)	(7,323)	46,690	46,690	-	100.0%	51,042	40,990
Transfers & subsidies									
Households	762	-	-	762	111	651	14.6%	333	270
Payment for capital assets									
Machinery & equipment	2,350	295	-	2,645	2,354	291	89.0%	3,200	2,051
Total	94,635	-	(7,323)	87,312	84,309	3,003	96.6%	90,012	78,747

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
VOTE 3

APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per programme 8 - HEALTH FACILITIES DEVELOPMENT AND MAINTENANCE

Details per Sub-Programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
8.1 COMMUNITY HEALTH FACILITIES									
Current payment	128,085	437	-	128,522	125,104	3,418	97.3%	90,781	76,388
Payment for capital assets	41,736	(12,664)	-	29,072	26,670	2,402	91.7%	63,493	27,058
8.2 EMERGENCY MEDICAL RESCUE SERVICES									
Current payment	-	-	-	-	103	(103)	0.0%	-	1,236
Payment for capital assets	2,154	(1,135)	-	1,019	1,019	-	100.0%	16,594	11,571
8.3 DISTRICT HOSPITAL SERVICES									
Current payment	312,240	28,440	-	340,680	366,937	(26,257)	107.7%	203,883	203,883
Transfers and subsidies	-	-	-	-	-	-	0.0%	13	13
Payment for capital assets	165,290	24,136	-	189,426	162,816	26,610	86.0%	207,235	167,928
8.4 PROVINCIAL HOSPITAL SERVICES									
Current payment	64,775	(19,140)	-	45,635	55,591	(9,956)	121.8%	67,584	70,006
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	475,965	(10,337)	-	465,628	425,611	40,017	91.4%	715,374	664,520
8.5 OTHER FACILITIES									
Current payment	27,695	(9,737)	-	17,958	28,317	(10,359)	157.7%	32,821	20,431
Payment for capital assets	-	-	-	-	-	-	0.0%	202	2,010
Total	1,217,940	-	-	1,217,940	1,192,168	25,772	97.9%	1,397,980	1,245,044

PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH
VOTE 3

APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per programme									
Programme 8 Per Economic classification	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current payments									
Compensation of employees	12,349	-	-	12,349	7,575	4,774	61.3%	6,408	7,096
Goods and services	520,411	-	-	520,411	566,907	(46,496)	108.9%	388,661	357,180
Interest and rent on land	-	-	-	-	1,571	(1,571)	0.0%	-	7,668
Transfers & subsidies									
Households	-	-	-	-	-	-	0.0%	13	13
Payment for capital assets									
Buildings & other fixed structures	628,146	-	-	628,146	575,259	52,887	91.6%	876,897	811,438
Machinery & equipment	57,034	-	-	57,034	40,856	16,178	71.6%	126,001	61,649
Total	1,217,940	-	-	1,217,940	1,192,168	25,772	97.9%	1,397,980	1,245,044

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2013

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note to Payments for financial assets to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after virement):

4.1 Per Programme

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Pr1 Health Administration	534,631	535,063	(432)	(0.1%)

The main contributor to this overspend is goods and services as well as the interest that was paid. The envisaged filling of vacant executive posts did not take place, which resulted in the underspend in compensation of employees. Despite that, service delivery was not adversely affected .

Pr2 District Health Services	7,901,611	7,953,629	(52,018)	(0.7%)
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Expenditure-wise, this programme, being the key service delivery platform, is always coming under pressure. This is due to the fact that it is the first port of call for patients. Overall the programme overshot its allocation by R52.02 million. Key contributors to that are goods and services in sub-programme 2.2 (Community Health Clinics). Medicines and vaccines are the items that contributed to the over expenditure of R79.22 million in goods and services. Under expenditure of R3.77 million, R4.92 million and R17.79 million occurred under compensation of employees, departmental agencies and accounts and machinery and equipment respectively. In terms of departmental agencies, non finalisation of SLAs led to the under expenditure. The under-expenditure in machinery and equipment came about as a result of non-delivery of such, even though orders had been placed. Since this programme is also funded through conditional grants, roll overs have been applied for. Details of such are in the Accounting Officer's Report. Service delivery was adversely affected.

Pr3 Emergency Medical Services	667,394	619,525	47,869	7.2%
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The under-expenditure in this programme is R47.87 million and predominantly in goods and services. Of this under-expenditure 90% is related to fleet services. The department as per budget allocation intended to source 190 motor vehicles from the Department of Transport, but out of these only 60 were received by the department resulting in under expenditure.

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2013

Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
R'000	R'000	R'000	%

Pr4 Provincial Hospital Services	3,982,958	3,979,016	3,942	0.1%
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This programme under spent its allocation by R3.94 million. The main contributor is compensation of employees in sub-programme 4.1 (General Hospital Services). This can be attributed to strict measures imposed by Provincial Treasury with regards to employment and replacement of vacant posts. Service delivery was not adversely affected.

Pr5 Central Hospital Services	702,419	657,170	45,249	6.4%
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R45.25 million was under spent by this programme. R2.60 million, R2.32 million and R40.06 million was underspent in compensation of employees, buildings and other fixed structures and machinery and equipment. The buildings and other fixed structures relate to fencing in Fort England Hospital. Machinery and equipment relates to MRI scanners, CCV cameras and C-Arm X-rays for which orders were placed but delivery did not take place. Despite this, service delivery was not adversely affected as these items are meant to enhance services. As this programme is funded through the National Tertiary Services Grant, roll overs have been applied for. The details thereof are in the Accounting Officer's Report.

Pr6 Health Science and Training	638,633	579,964	58,669	9.2%
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This programme underspent in all the economic classification items. The main contributor is sub-programme 6.5 (Other Training). The inability to employ staff due to constraints imposed by the OTP and Provincial Treasury resulted in under expenditure of R32.48 million in compensation of employees. Goods and services contributed R21.12 million to the underspend. This is mainly from the Skills Levy, wherein most of its activities stalled. As Other Training is funded through the HPTD Grant, roll overs have been applied for. The details thereof are in the Accounting Officer's Report.

Pr7 Health Care And Support Services	87,312	84,309	3,003	3.4%
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The main contributor to this underspend is compensation of employees. The reasons are the same as those given before in other programmes.

Pr8 Health Facilities Development and Maintenance	1,217,940	1,192,168	25,772	2.1%
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Overall the programme underspent by R25.77 million. Goods and services, particularly in relation to contracted maintenance of buildings and machinery and equipment, overran the budgeted amount by R46.50 million. Buildings and other fixed structures underspent by R52.89 million due to stops and starts caused by labour relations issues at CMH. Machinery and equipment underspent by R16.18 million due to challenges with supply chain processes. Since this programme receives funding from conditional grants, roll overs have been applied for. Details thereof are in the Accounting Officer's Report. Service delivery was compromised.

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2013

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
4.2 Per Economic classification	R'000	R'000	R'000	%
Current expenditure				
Compensation of employees	9,880,089	9,827,473	52,616	0.5%
Goods and services	4,445,640	4,504,153	(58,513)	(1.3%)
Interest and rent on land	-	4,296	(4,296)	0.0%
Transfers and subsidies				
Provinces and municipalities	8,084	7,928	156	1.9%
Departmental agencies and accounts	29,436	24,428	5,008	17.0%
Universities and technikons	101,845	101,770	75	0.1%
Households	263,848	260,360	3,488	1.3%
Payments for capital assets				
Buildings and other fixed structures	654,810	598,417	56,393	8.6%
Machinery and equipment	350,798	273,670	77,128	22.0%
Payments for financial assets	-	17	(17)	0.0%

Explanation of variances**Compensation of employees**

Compensation of employees: There was underspend of R52.62 million in compensation of employees. This is attributable mainly to the constraints put in place by the OTP and Provincial Treasury on filling of vacant posts.

Goods and services

Goods and services: There was overspend of R58.51 million in goods and services. Main contributors to this overspend are programmes 2, in relation to drugs and vaccines, and programme 8 for maintenance of buildings and machinery and equipment.

Transfers and subsidies

Departmental agencies and accounts: R5.01 million was underspent. This is due to Service Level Agreements that had not been finalised with some hospices. Roll overs have been applied for. Details thereof are in the Accounting Officer's Report.

Transfers to Households: An underspend of R3.49 million in leave gratuities occurred. Incomplete documentation provided by beneficiaries caused this underspend. The affected beneficiaries suffered as a consequence.

Payment for capital assets

Buildings and other fixed structures: An underspend of R56.39 million in particular at CMH occurred. This was due to stop and start of the project due to industrial action by employees employed by contractors. As the end date keeps being pushed forward, beneficiaries of the refurbished hospital end up being adversely affected in the long run

Machinery and equipment: There was an underspend of R77.13 million. Supply chain challenges resulted in this under expenditure. As most of the machinery and equipment was bought to enhance service delivery, beneficiaries in the short term were not adversely affected. However, if this continues, then in the long run service delivery will be compromised.

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2013

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
4.3 Per conditional grant	R'000	R'000	R'000	%
National Tertiary Services Grant	702,419	657,292	45,127	6.4%
Comprehensive Hiv/Aids Grant	1,069,137	1,040,502	28,635	2.7%
Hospital Revitalisation Grant	460,173	414,560	45,613	9.9%
Health Professionals Training and Development Grant	183,021	178,743	4,278	2.3%
Health Infrastructure Grant	306,714	302,716	3,998	1.3%
National Health Insurance Grant	11,500	8,094	3,406	29.6%
Nursing Colleges and Schools	14,660	12,394	2,266	15.5%
AFCON	3,000	2,353	647	21.6%
EPWP Incentive Social Cluster	13,780	13,699	81	0.6%
EPWP Incentive	1,000	1,000	0	0.0%
	2,765,404	2,631,353	134,051	

R45.13million was under spent by this Grant. R3.31 million, R1.11 million and R40.71 million was underspent in compensation of employees, buildings and other fixed structures and machinery and equipment. The buildings and other fixed structures relate to fencing in Fort England Hospital. Machinery and equipment relates to MRI scanners, CCV cameras and C-Arm X-rays for which orders were placed but delivery did not take place. Despite this, service delivery was not adversely affected as these items are meant to enhance services. As this programme is funded through the National Tertiary Services Grant, roll overs have been applied for.

Hospital Revitalisation underspent Buildings and other fixed structures by R45.79 million due to stops and starts caused by labour relations issues at CMH.

Nursing Colleges Grant under spent in goods and Services by R2.266 million due to challenges with supply chain processes. Roll overs have been applied for.

The NHI under spending is due to delay and the lengthy process in revising the business plan which was finally approved on the 28 November 2012.

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2013

PERFORMANCE		2012/13	2011/12
	Note	R'000	R'000
REVENUE			
Annual appropriation	1	15,732,898	14,810,982
Statutory appropriation	2	1,652	1,586
Departmental revenue	3	33,044	10,274
Aid assistance	4	4,116	-
TOTAL REVENUE		15,771,710	14,822,842
EXPENDITURE			
Current expenditure			
Compensation of employees	5	9,827,473	9,480,557
Goods and services	6	4,504,153	4,019,162
Interest and rent on land	7	4,296	13,970
Aid assistance	4	2,990	8,707
Total current expenditure		14,338,912	13,522,396
Transfers and subsidies	9	394,486	310,300
Expenditure for capital assets			
Tangible capital assets	10	872,475	1,068,184
Payments for financial assets	8	17	109
TOTAL EXPENDITURE		15,605,890	14,900,989
SURPLUS/(DEFICIT) FOR THE YEAR		165,820	(78,147)
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds		132,038	(79,714)
Departmental revenue and NRF Receipts	17	33,044	10,274
Aid assistance	4	738	(8,707)
SURPLUS/(DEFICIT) FOR THE YEAR		165,820	(78,147)

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2013

POSITION	Note	2012/13 R'000	2011/12 R'000
ASSETS			
Current Assets			
Unauthorised expenditure	11	1,358,263	1,305,814
Cash and cash equivalents	13	6	12
Prepayments and advances	14	7	-
Receivables	15	112,824	107,892
TOTAL ASSETS		1,471,100	1,413,718
LIABILITIES			
Current Liabilities			
Voted funds to be surrendered to the Revenue Fund	16	609,972	426,398
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	17	10,812	12,536
Bank overdraft	18	822,799	957,536
Payables	19	4,803	4,861
Aid assistance unutilised	4	7,323	6,585
TOTAL LIABILITIES		1,455,709	1,407,916
NET ASSETS		15,391	5,802
Represented by:	Note	2012/13 R'000	2011/12 R'000
Recoverable revenue		15,391	5,802
TOTAL		15,391	5,802

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3STATEMENT OF CHANGES TO NET ASSETS
for the year ended 31 March 2013

NET ASSETS	Note	2012/13 R'000	2011/12 R'000
Recoverable revenue			
Opening balance		5,802	11,607
Transfers		9,589	(5,805)
Debts revised		(518)	(8,198)
Debts recovered (included in departmental receipts)		(1,779)	(660)
Debts raised		11,886	3,053
Closing balance		15,391	5,802

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3CASH FLOW STATEMENT
for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		15,852,191	14,651,495
Annual appropriated funds received	1.1	15,731,969	14,561,659
Statutory appropriated funds received	2	1,668	1,586
Departmental revenue received	3	114,438	88,250
Aid assistance received	4	4,116	-
Net (increase)/ decrease in working capital		(57,446)	(123,664)
Surrendered to Revenue Fund		(116,162)	(94,290)
Current payments		(14,286,463)	(13,221,889)
Payments for financial assets		(17)	(109)
Transfers and subsidies paid		(394,486)	(310,300)
Net cash flow available from operating activities	20	997,617	901,243
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	10	(872,475)	(1,068,184)
Proceeds from sale of capital assets	3.4	-	361
(Increase)/ decrease in other financial assets			
Net cash flows from investing activities		(872,475)	(1,067,823)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/ (decrease) in net assets		9,589	(5,805)
Net cash flows from financing activities		9,589	(5,805)
Net increase/ (decrease) in cash and cash equivalents		134,731	(172,385)
Cash and cash equivalents at beginning of period		(957,524)	(785,139)
Cash and cash equivalents at end of period	21	(822,793)	(957,524)

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3ACCOUNTING POLICIES
for the year ended 31 March 2013

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 5 of 2013.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting.

Under this basis, the effects of transactions and other events are recognised in the financial records when the resulting cash is received or paid. The “modification” results from the recognition of certain near-cash balances in the financial statements as well as the revaluation of foreign investments and loans and the recognition of resulting revaluation gains and losses.

In addition supplementary information is provided in the disclosure notes to the financial statements where it is deemed to be useful to the users of the financial statements.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3

ACCOUNTING POLICIES
for the year ended 31 March 2013

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund. Any amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised as a payable in the statement of financial position.

Any amount due from the Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the Provincial Revenue Fund at the end of the financial year is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure notes to the annual financial statements.

2.3 Direct Exchequer receipts

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and is subsequently paid into the Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the Provincial Revenue Fund at the end of the financial year is recognised as a payable in the statement of financial position.

2.4 Direct Exchequer payments

All direct exchequer payments are recognised in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

2.5 Aid assistance

Aid assistance is recognised as revenue when received.

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3ACCOUNTING POLICIES
for the year ended 31 March 2013**3. Expenditure****3.1 Compensation of employees****3.1.1 Salaries and wages**

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5,000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount is recorded under goods and services.

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3ACCOUNTING POLICIES
for the year ended 31 March 2013

3.4 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 Unauthorised expenditure

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised in the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date stipulated in the Act.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.8 Irregular expenditure

- I rregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3ACCOUNTING POLICIES
for the year ended 31 March 2013

4.2 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.4 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.5 Investments

Capitalised investments are shown at cost in the statement of financial position.

- I Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.6 Loans

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.7 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value as at the date of acquisition.

All inventory items at year-end are reflected using either the weighted average cost or FIFO cost formula.

4.8 Capital assets

4.8.1 Movable assets

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of a capital asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3ACCOUNTING POLICIES
for the year ended 31 March 2013

All assets acquired prior to 1 April 2002 are included in the asset register at R1.

Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets” and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current “goods and services” in the statement of financial performance.

4.8.2 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Subsequent expenditure

Work-in-progress of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets”. On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current “goods and services” in the statement of financial performance.

4.8.3 Intangible assets

Initial recognition

An intangible asset is recorded in the asset register on receipt of the item at cost. Cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at R1.

All intangible assets acquired prior to 1 April 2002 can be included in the asset register at R1.

Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets” and is capitalised in the asset register of the department.

Maintenance is expensed as current “goods and services” in the statement of financial performance.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3

ACCOUNTING POLICIES
for the year ended 31 March 2013

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

5.4 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.5 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

5.7 Lease commitments

Finance leases

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are not apportioned between the capital and the interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating leases

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statements.

5.8 Impairment

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3

ACCOUNTING POLICIES
for the year ended 31 March 2013

5.9 Provisions

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

7. Net Assets

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

8. Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

9. Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

10. Public private partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

1. Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for the Department.

1.1 Annual Appropriation

		2012/13		2011/12
		Actual Funds	Funds not	Appropriation
		Received	requested/ not received	Received
Programmes	Final Appropriation R'000	R'000	R'000	R'000
Pr1 Health Administration	534,631	540,075	(5,444)	543,899
Pr2 District Health Services	7,901,611	7,685,943	215,668	6,949,687
Pr3 Emergency Medical Services	667,394	723,979	(56,585)	644,801
Pr4 Provincial Hospital Services	3,982,958	4,104,090	(121,132)	3,847,681
Pr5 Central Hospital Services	702,419	702,219	200	627,075
Pr6 Health Science and Training	638,633	663,204	(24,571)	615,824
Pr7 Health Care and Support Services	87,312	94,535	(7,223)	84,747
Pr8 Health Facilities Development and Maintenance	1,217,940	1,217,924	16	1,247,945
Total	15,732,898	15,731,969	929	14,561,659

Funds not requested was mainly due to underspend on conditional grants.

1.2 Conditional grants

Total grants received	38	2,764,476	2,678,208
Provincial grants included in Total Grants received		302,715	376,764

2 Statutory Appropriation

Member of executive committee/parliamentary officers		1,652	1,586
Total		1,652	1,586
Actual Statutory Appropriation received		1,668	1,586

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
3 Departmental Revenue			
Sales of goods and services other than capital assets	3.1	106,911	81,144
Interest, dividends and rent on land	3.2	297	-
Sales of capital assets	3.4	-	361
Transactions in financial assets and liabilities	3.5	7,230	7,106
Total revenue collected		114,438	88,611
Less: Own revenue included in appropriation	17	81,394	78,337
Departmental revenue collected		33,044	10,274
3.1 Sales of goods and services other than capital assets	3		
Sales of goods and services produced by the department		106,724	81,002
Sales by market establishment		9,128	8,247
Administrative fees		1,116	901
Other sales		96,480	71,854
Sales of scrap, waste and other used current goods		187	142
Total		106,911	81,144
3.2 Interest, dividends and rent on land	3		
Interest		297	-
Total		297	-
3.4 Sales of capital assets	3		
Tangible assets		-	361
Machinery and equipment		-	361
3.5 Transactions in financial assets and liabilities	3		
Receivables		1,600	1,965
Stale cheques written back		103	110
Other Receipts including Recoverable Revenue		5,527	5,031
Total		7,230	7,106

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
4 Aid Assistance			
4.1 Aid assistance received in cash from RDP			
Local			
Opening Balance			
Revenue		2,115	-
Expenditure		-	-
Current		-	-
Capital		-	-
Closing Balance		2,115	-
Foreign			
Opening Balance		6,585	15,292
Revenue		2,001	-
Expenditure		(3,378)	(8,707)
Current		(2,990)	(8,707)
Capital		(388)	-
Closing Balance		5,208	6,585
4.2 Total			
Opening Balance		6,585	15,292
Revenue		4,116	-
Expenditure		(3,378)	(8,707)
Current		(2,990)	(8,707)
Capital		(388)	-
Closing Balance		7,323	6,585
4.3 Analysis of balance			
Aid assistance unutilised		7,323	6,585
RDP		7,323	6,585
Closing balance		7,323	6,585

Note: The net movement in the 2012/2013 financial year is R866.

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
5 Compensation of Employees			
5.1 Salaries and wages			
Basic salary		6,462,942	6,273,046
Performance award		-	6,995
Service Based		9,410	14,680
Compensative/circumstantial		862,447	815,607
Periodic payments		16,831	23,453
Other non-pensionable allowances		1,242,709	1,170,637
Total		8,594,339	8,304,418
5.2 Social Contributions			
Employer contributions			
Pension		782,619	752,331
Medical		449,318	422,351
UIF		1	238
Bargaining council		1,196	1,219
Total		1,233,134	1,176,139
Total compensation of employees		9,827,473	9,480,557
Average number of employees		48,121	47,840

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VOTE 3NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	Note	2012/13 R'000	2011/12 R'000
6 Goods and services			
Administrative fees		2,055	3,832
Advertising		5,087	4,708
Assets less than R5,000	6.1	47,463	41,592
Bursaries (employees)		2,722	464
Catering		3,764	5,904
Communication		109,226	90,250
Computer services	6.2	61,345	42,012
Consultants, contractors and agency/outsourced services	6.3	1,186,895	1,151,448
Entertainment		140	149
Audit cost – external	6.4	19,806	20,141
Fleet services		151,368	99,510
Inventory	6.5	1,859,114	1,672,406
Operating leases		41,088	434,198
Property payments	6.6	801,522	324,712
Transport provided as part of the departmental activities		1,256	891
Travel and subsistence	6.7	170,528	71,649
Venues and facilities		8,262	13,214
Training and development		8,212	17,013
Other operating expenditure	6.8	24,300	25,069
Total		4,504,153	4,019,162

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
6.1 Assets less than R5,000	6		
Tangible assets		47,463	41,592
Machinery and equipment		47,463	41,592
Total		47,463	41,592
6.2 Computer services	6		
SITA computer services		53,652	34,338
External computer service providers		7,693	7,674
Total		61,345	42,012
6.3 Consultants, contractors and agency/outsourced services	6		
Business and advisory services		147,850	188,441
Infrastructure and planning		93	66
Laboratory services		464,681	393,246
Legal costs		44,988	51,564
Contractors		164,990	346,614
Agency and support/outsourced services		364,293	171,517
Total		1,186,895	1,151,448
6.4 Audit cost – external	6		
Regularity audits		19,806	20,141
Total		19,806	20,141
6.5 Inventory	6		
Learning and teaching support material		3	-
Food and food supplies		140,226	132,862
Fuel, oil and gas		54,347	53,582
Other consumables		119,246	121,366
Materials and supplies		17,436	17,896
Stationery and printing		50,763	46,916
Medical supplies		446,168	438,442
Medicine		1,030,925	861,342
Total		1,859,114	1,672,406

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VOTE 3NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	Note	2012/13 R'000	2011/12 R'000
6.6 Property payments	6		
Municipal services		189,183	139,777
Property maintenance and repairs		612,339	184,935
Total		801,522	324,712
6.7 Travel and subsistence	6		
		170,528	71,649
Local		170,053	71,027
Foreign		475	622
Total		170,528	71,649
6.8 Other operating expenditure	6		
Professional bodies, membership and subscription fees		358	180
Resettlement costs		2,850	6,355
Courier and delivery services		17,948	15,630
Other		3,144	2,904
Total		24,300	25,069
7 Interest and Rent on Land			
Interest paid		4,296	13,970
Total		4,296	13,970

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VOTE 3NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
8 Payments for financial assets			
Material losses through criminal conduct			
Other material losses	8.1	17	109
Total		17	109
8.1 Other material losses	8		
Nature of other material losses			
Incident Disciplinary Steps taken/ Criminal proceedings			
Theft of computer Reported to SAPS		17	109
Total		17	109

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
9 Transfers and Subsidies			
Provinces and municipalities	Annexure 1B	7,928	-
Departmental agencies and accounts	Annexure 1C	24,427	42,412
Universities and technikons	Annexure 1D	101,770	133,974
Households	Annexure 1H	260,361	133,914
Total		394,486	310,300
10 Expenditure for capital assets			
Tangible assets		872,475	1,068,184
Buildings and other fixed structures	37	598,416	830,211
Machinery and equipment	35	274,059	237,973
Total		872,475	1,068,184

10.1 Analysis of funds utilised to acquire capital assets - 2012/13

	Voted Funds R'000	Aid Assistance R'000	TOTAL R'000
Tangible assets	872,087	388	872,475
Buildings and other fixed structures	598,416	-	598,416
Machinery and equipment	273,671	388	274,059
Total	872,087	388	872,475

10.2 Analysis of funds utilised to acquire capital assets - 2011/12

	Voted Funds R'000	Aid Assistance R'000	TOTAL R'000
Tangible assets	1,068,184	-	1,068,184
Buildings and other fixed structures	830,211	-	830,211
Machinery and equipment	237,973	-	237,973
Total	1,068,184	-	1,068,184

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VOTE 3NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
11	Unauthorised Expenditure		
11.1	Reconciliation of unauthorised expenditure		
	Opening balance	1,305,814	1,188,823
	Unauthorised expenditure - discovered in the current year	52,449	300,507
	Less: Amounts approved by Parliament/Legislature with funding	16 -	(183,516)
	Unauthorised expenditure awaiting authorisation / written off	<u>1,358,263</u>	<u>1,305,814</u>
11.2	Analysis of unauthorised expenditure awaiting authorisation per economic classification		
	Current	1,104,748	1,052,299
	Capital	244,994	244,994
	Transfers and subsidies	8,521	8,521
	Total	<u>1,358,263</u>	<u>1,305,814</u>
11.3	Analysis of unauthorised expenditure awaiting authorisation per type		
	Unauthorised expenditure relating to overspending of the vote or a main division within the vote	1,358,263	1,305,814
	Total	<u>1,358,263</u>	<u>1,305,814</u>
11.4	Details of unauthorised expenditure - current year		2012/13 R'000
	Incident		
	Disciplinary steps taken/criminal proceedings		
	Current year over expenditure Program 2		52,018
	Current year over expenditure Program 1		431
	Total		<u>52,449</u>

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	Note	2012/13 R'000	2011/12 R'000
12	Fruitless and wasteful expenditure		
12.1	Reconciliation of fruitless and wasteful expenditure		
	Opening balance	-	3,651
	Less: Amounts condoned	-	(3,651)
	Current	-	(2,986)
	Capital	-	(156)
	Transfers and subsidies	-	(509)
	Fruitless and wasteful expenditure awaiting condonement	-	-
13	Cash and Cash Equivalents		
	Cash receipts	6	12
	Disbursements		
	Total	6	12
14	Prepayments and Advances		
	Travel and subsistence	7	-
		7	-

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VOTE 3NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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		Less than a year R'000	One to three years R'000	Older than three years R'000	Total R'000	2011/12 R'000
	<i>Note</i>					
15. Receivables						
Claims recoverable	15.1 / Ann 4			2,200	2,200	5,941
Trade receivables	15.2	-	54	1,021	1,075	9,673
Recoverable expenditure	15.3	2,453	44,783	461	47,697	4,949
Staff debt	15.4	2,340	1,601	7,581	11,522	6,169
Other debtors	15.5	10,908	20,996	18,426	50,330	81,160
Total		15,701	67,434	29,689	112,824	107,892

	<i>Note</i>	2012/13 R'000	2011/12 R'000
15.1 Claims recoverable	15		
National departments		42	105
Provincial departments		2,158	5,836
Total		2,200	5,941
15.2 Trade receivables	15		
Suppliers		1,075	9,673
Total		1,075	9,673
15.3 Recoverable expenditure (disallowance accounts)	15		
Dishonoured Cheques		17	16
Disallowances damages and losses		512	512
Salary rebates		5,475	4,421
Write back of 2011/12 debt write off		41,693	-
Total		47,697	4,949
15.4 Staff debt	15		
Salary Debt		11,522	6,169
Total		11,522	6,169
15.5 Other debtors	15		
Medsas debtors		118	-
Salary & Deductions		55	129
Ex-Employees		50,157	80,905
Other Debtors		-	126
Total		50,330	81,160

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VOTE 3NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	Note	2012/13 R'000	2011/12 R'000
16 Voted Funds to be Surrendered to the Revenue Fund			
Opening balance		426,398	454,928
Transfer from statement of financial performance		132,038	(79,714)
Add: Unauthorised expenditure for current year	11	52,465	300,507
Voted funds not requested/not received	1.1	(929)	(249,323)
Paid during the year			
Closing balance		609,972	426,398
17 Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund			
Opening balance			
Transfer from Statement of Financial Performance		12,536	18,215
Own revenue included in appropriation		33,044	10,274
Paid during the year		81,394	78,337
Closing balance		(116,162)	(94,290)
		10,812	12,536
18 Bank Overdraft			
Consolidated Paymaster General Account		822,799	957,536
Total		822,799	957,536
19 Payables - current			
Amounts owing to other entities	Annex 5	540	634
Clearing accounts	19.1	4,263	4,227
Total		4,803	4,861
19.1 Clearing accounts	19		
Salary finance and other institutions		506	475
Pension recoverable		3,757	3,752
Total		4,263	4,227

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
20 Net cash flow available from operating activities			
Net surplus/(deficit) as per Statement of Financial Performance		165,820	(78,147)
Add back non cash/cash movements not deemed operating activities		831,797	979,390
(Increase)/decrease in receivables – current		(4,932)	(9,273)
(Increase)/decrease in prepayments and advances		(7)	-
(Increase)/decrease in other current assets		-	187,167
Increase/(decrease) in payables – current		(58)	(1,051)
Proceeds from sale of capital assets		-	(361)
Expenditure on capital assets		872,475	1,068,184
Surrenders to Revenue Fund		(116,162)	(94,290)
Voted funds not requested/not received		(913)	(249,323)
Own revenue included in appropriation		81,394	78,337
Net cash flow generated by operating activities		<u>997,617</u>	<u>901,243</u>
21 Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		(822,799)	(957,536)
Cash receipts		6	12
Total		<u>(822,793)</u>	<u>(957,524)</u>

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VOTE 3DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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			2012/13 R'000	2011/12 R'000
22	Contingent liabilities and contingent assets			
22.1	Contingent liabilities			
	Liable to	Nature		
	Housing loan guarantees	Employees	Annex 3A 5,638	9,473
	Claims against the department		Annex 3B 1,541,766	1,110,534
	Other interdepartmental payables		Annex 5 112	994
	Other		Annex 3B 39,130	12,171
	Total		1,586,646	1,133,172
22.2	Contingent assets	Note		
	Nature of contingent asset			
	OSD		887	887
	HRPOT		-	388,985
	Total		887	389,872

HROPT

Relating to HROPT above, during the current year, affected employees have had R100 per month deducted from their salaries and this amounted to R0,3 million in the current year. This amount has been included in revenue and paid over to the revenue fund. If all affected staff resign or are dismissed, the full amount of HROPT owing becomes receivable by the department (R456,5 million). If all affected staff pay their R100 until they retire, the department will recover R11,9 million. If affected staff die, none of the outstanding balances receivable by the department. Due to the uncertainty relating to the combination of the above scenarios, the value of the contingent asset relating to HROPT payments is between nil and R456,5 million. The present value of R11,9 million is R6,6 million and this has been included in Staff debt per note 15 above.

OSD

PSCBC Resolution 1 of 2007 introduced Occupation Specific Dispensations (OSD) for various categories of professions in the public service. Since then, the public health sector has adopted a total of 5 categories of OSD as follows:

- Nurses' OSD – PHSDSBC Res.3 of 2007
- Social Services Occupations' OSD – PHSDSBC Res.3 of 2008
- Medical Cluster OSD – PHSDSBC Res.3 of 2009 and Res.1 of 2010
- Allied Health Professionals' OSD – PHSDSBC Res.2 of 2010
- Engineers and Artisans PHSDSBC Res.2 of 2012

Implementation of these OSD's has proven to be a challenge for reasons of poor planning and budgeting across levels of implementation. For instance, all OSD's have been characterised by under-funding; not knowing exact numbers of intended beneficiaries; and interpretation and application that is elastic (especially with the nurses' OSD). As a result, some OSD such as nursing personnel are still being implemented to this day as implementation does not have a specific cut-off point.

In the main, the outstanding OSD for implementation is the Engineers cluster which is estimated to R5million. Payment awaits Internal Audit verification process and availability of funding as this OSD is an unfunded mandate. As part of the HR accruals a number of cases relate to OSD especially for the Allied Health Professionals, Nurses, and a few from other categories.

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Other reasons for contingent liability:

- delays in submitting proof of experience \additional information e.g. registration certificates, etc;
- availability of funds to pay for outstanding cases – OSD mandated was under-funded. For instance, additional cases following the nurses' OSD arbitration award were simply not funded – resulting in these becoming accruals.

In managing the underpayments, the Department has undertaken verification procedures with Internal Audit to verify the validity of the claims against the relevant OSD prescripts. The plan is to pay these as part of the HR accruals.

Walter Sisulu University

The department utilises various institutions, government entities, Universities, technikons and CBOs as vehicles to deliver services to the communities of the province. The nature of services to be rendered and relationship with these organisations is governed by Service Level Agreements. During the year under review, the department transferred R134.13 million to Hospices, Universities and technikons and to Municipalities. Details on these transfer payments are given in Annexures 1C, 1D and 1B respectively of the Annual Financial Statements section.

Funds were transferred to various Universities and technikons for the provision of Health Sciences, Training & Development. Municipalities received funds for the devolution of environmental health. The department monitored these institutions / entities to ensure that the allocated funds were spent as planned and detailed in the Service Level Agreements.

Other than transfer payments to the Walter Sisulu University, the Department obtained assurance from each entity that received a transfer, that the entity implements effective, efficient and transparent financial management and internal control systems, as required by TR 18.3.1 ©.

The Walter Sisulu University (WSU) has been funded extensively from the Health Professions Training and Development Grant (HPTDG) using multiple service level agreements (SLAs) over several years in order to strengthen the Faculty's under- and post-graduate programmes to unpin the departments human resource needs, particularly in rural communities.

Three SLAs were concluded under this partnership. The first and largest funded the Faculty in a variety of ways from a Joint Staff Establishment to operational costs related to registrar rotations, conferences and journals. The second SLA funded the four Health Resource Centres operational costs. The third and most recent funded the establishment of a Medical Orthotics and Prosthetics programme. Transfer payments to WSU represented between 80-85% of the total HPTDG budget.

The Department observed non-compliance by WSU to the requirements of their SLAs, in particular financial reporting, resulting in increased pressure on the ECDoH to enforce Sections 38(i) J&K of the Public Finance Management Act in keeping with the responsibilities and expectations of the Accounting Officer, the National Department of Health and Auditor General.

At all material times, the funding provided by the Department of Health was ring fenced and governed by legislation including the Division of Revenue Act, Public Finance Management Act and Treasury Regulations.

It has now become apparent from draft financials recently submitted to the Department, that the University has loaned to itself a substantial amount of money from the Health Professions Training and Development Grant (HPTDG) Health Professional Training and Development Fund in order to meet several of its other operating expenses.

In acting as aforesaid and utilising the funding contrary of the provisions of the agreement between the parties, the Walter Sisulu University has breached a material term of the contract between the parties and in so doing has acted wrongfully, unlawfully and contrary to the applicable legislation.

In the circumstances, the Department of Health has demanded that the University repay the amount.

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VOTE 3DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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		2012/13	2011/12
	Note	R'000	R'000
23 Commitments			
Current expenditure			
Approved and contracted		666,672	662,730
Approved but not yet contracted		-	202,574
		666,672	865,304
Capital Expenditure (including transfers)			
Approved and contracted		1,658,241	1,850,971
Approved but not yet contracted		56,986	34,460
		1,715,227	1,885,431
Total Commitments		2,381,899	2,750,735

The majority of capital commitments are for large multi year projects See paragraph 1.3 of Accounting officers report for additional information in this regard

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VOTE 3DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

			2012/13 R'000	2011/12 R'000
24 Accruals				
Listed by economic classification	30 days	30+ days	Total	Total
Goods and services	343,556	44,484	388,040	774,769
Transfers and subsidies	22,631	3,008	25,639	-
Capital assets	75,597	24,111	99,708	120,030
Total	441,784	71,603	513,387	894,799
Listed by programme level			R'000	R'000
Pr1 Health Administration			74,629	115,082
Pr2 District Health Services			231,027	377,509
Pr3 Emergency Medical Services			46,309	64,192
Pr4 General Hospital Services			67,941	108,891
Pr5 Central Hospital Services			8,508	21,825
Pr6 Health Science and Training			3,689	7,362
Pr7 Health Care and Support Services			37,130	99,876
Pr8 Health Facilities Development and Maintenance			44,154	100,062
Total			513,387	894,799
Confirmed balances with departments		Annex 5	540	15,379
Total			540	15,379
<i>The majority of accruals are aged less than 30 days and this is in line with government policy.</i>				
25 Employee benefits				
Leave entitlement			393,500	306,038
Service bonus (Thirteenth cheque)			259,149	247,737
Capped leave commitments			845,397	864,621
Other			611,054	190,116
Total			2,109,100	1,608,512

Negative leave day are included in the Leave balances above and relate to the value of overdrawn leave as at 31 March 2013 which will be recovered from future monthly leave credits earned. The value of this leave is R16,4 million (2012: R15,1 million).

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VOTE 3DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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26 Lease commitments

26.1 Operating leases expenditure

2012/13

Not later than 1 year	3,226	-	3,226
Later than 1 year and not later than 5 years	706	-	706
Later than five years	-	-	-
Total lease commitments	3,932	-	3,932

Buildings and
other fixed
structures

R'000

Machinery,
equipment,
and motor
vehicles

R'000

Total

R'000

2011/12

Not later than 1 year	16,741	192,360	209,101
Later than 1 year and not later than 5 years	2,180	402,825	405,005
Later than five years	-	-	-
Total lease commitments	18,921	595,185	614,106

Buildings and
other fixed
structures

R'000

Machinery,
equipment,
and motor
vehicles

R'000

Total

R'000

26.2 Finance leases expenditure

2012/13

Not later than 1 year	89,489	15,164	104,653
Later than 1 year and not later than 5 years	58,067	5,316	63,383
Later than five years	-	-	-
Total lease commitments	147,556	20,480	168,036

Motor
Vehicles

R'000

Machinery
and
equipment

R'000

Total

R'000

2011/12

Not later than 1 year	-	24,271	24,271
Later than 1 year and not later than 5 years	-	22,142	22,142
Later than five years	-	-	-
Total lease commitments	-	46,413	46,413
LESS: finance costs	-	4,682	4,682
Total present value of lease liabilities	-	41,731	41,731

Motor
Vehicles

R'000

Machinery
and
equipment

R'000

Total

R'000

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
VOTE 3DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	Note	2012/13 R'000	2011/12 R'000
27 Receivables for departmental revenue			
Sales of goods and services other than capital assets		197,697	201,356
Total		<u>197,697</u>	<u>201,356</u>
27.1 Analysis of receivables for departmental revenue			
Opening balance		201,356	169,216
Less: Amounts received		82,242	57,008
Add: Amounts recognised		95,474	120,980
Less: Amounts written-off/reversed as irrecoverable		16,891	31,832
Closing balance		<u>197,697</u>	<u>201,356</u>
27.2 Receivables for department revenue written off			
Nature of losses			
Patient debt		16,891	31,832
Total		<u>16,891</u>	<u>31,832</u>

In the 2010/2011 Annual Financial statements, these figures were shown after deducting the provision for bad debt as disclosed in note 32 below. In the 2011/2012 annual financial statements, these balances were disclosed gross i.e. before provision for bad debts (per note 32 below). The comparative figures have been amended but there is no impact other than this disclosure note and note 32. This does not affect funds to be surrendered.

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VOTE 3DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	Note	2012/13 R'000	2011/12 R'000
28 Irregular expenditure			
28.1 Reconciliation of irregular expenditure			
Opening balance		1,179,203	873,882
Add: Irregular expenditure - relating to prior year		73,954	138,529
Add: Irregular expenditure - relating to current year		181,598	166,858
Less: Amounts condoned		(494,104)	-
Less: Amounts recoverable (not condoned)		-	(66)
Less: Amounts not recoverable (not condoned)		(542,468)	-
Irregular expenditure awaiting condonation		398,183	1,179,203
Analysis of awaiting condonation per age classification			
Current year		83,137	166,792
Prior years		315,046	1,012,411
Total		398,183	1,179,203
			2012/13 R'000
28.2 Details of irregular expenditure identified current year			
Incident	Disciplinary steps taken/criminal proceedings		
Non-compliance SCM procedures - various	Investigation Stage		181,598
			181,598
28.3 Details of irregular expenditure condoned			
Incident	Condoned by (condoning authority)		
Non-compliance SCM-Variou	BAC		494,104
			494,104
28.4 Details of irregular expenditure not recoverable (not condoned)			
Incident	Not condoned by (condoning authority)		
Life Group			542,468
			542,468
28.5 Details of irregular expenditure under investigation			
Incident			
Non-compliance SCM-Variou			398,183
			398,183

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	Note	2012/13 R'000	2011/12 R'000
29 Fruitless and wasteful expenditure			
29.1 Reconciliation of fruitless and wasteful expenditure			
Opening balance		54,647	30,369
Fruitless and wasteful expenditure – relating to prior year		14,605	-
Fruitless and wasteful expenditure – relating to current year		113,249	23,516
Less: Amounts condoned		(28,014)	-
Less: Amounts resolved		-	762
Fruitless and wasteful expenditure awaiting condonement		154,487	54,647
29.2 Analysis of awaiting condonement per economic classification			
Current		139,084	41,620
Capital		15,403	13,027
Total		154,487	54,647
29.3 Analysis of Current Year's Fruitless and wasteful expenditure			2012/13
Incident	Disciplinary steps taken/criminal proceedings		R'000
Damages	Disciplinary stages		108,288
Interest	Disciplinary stages		4,296
Penalties	Disciplinary stages		170
Other	Disciplinary stages		495
Total			113,249
30 Related party transactions			
During the year under review, the Department had the free use of buildings from the Department of Roads and Public Works.			
European Union Extended Partnerships for the Delivery of Primary Health Care including HIV and AIDS Programme			
("EU EPDPHCP") National Management unit paid R10,7 million to TAT I-Chain Technologies (Pty) Ltd for an asset verification, and the preparation of a fixed asset register.			
31 Key management personnel	No. of Individuals	2012/13 R'000	2011/12 R'000
Political office bearers	1	1,668	1,586
Officials:			
Level 15 to 16	7	4,608	4,545
Level 14	15	12,356	12,169
Total		18,632	18,300

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	2012/13 R'000	2011/12 R'000
32 Public Private Partnership		
Contract fee paid	68,863	61,739
Fixed component	57,185	58,305
Indexed component	11,678	3,434

32.1 Humansdorp Hospital Co-Location PPP

The Eastern Cape Department of Health (ECDoH) recognised the potential for the establishment of a private facility in partnership with the existing Humansdorp district hospital, as well as the need to optimally use the available resources at the hospital and allow the development and expansion of the hospital by the private sector.

This led to its decision to embark on a Public Private Partnership, as regulated by the Treasury Regulations to the Public Finance Management Act, No 1 of 1999 through the conclusion of an Agreement that started on 27 June 2003 to 30 June 2023 with Metro Star Hospital Life Healthcare Ltd (previously Afrox Healthcare Ltd).

Terms of the agreement / Obligations to acquire or build items of property, plant and equipment / other rights and obligations (e.g. major overhauls)

The Project embarked on by the Concessionaire through the conclusion of this Agreement, involves the granting of Concession Rights by the Provincial Government to the Concessionaire against the payment of variable concession fees and:

- the construction of a thirty bed private facility
- 3 bed high care unit
- the enlarging of the current Humansdorp hospital entrance and administration area for use by both Parties
- the enlarging of the casualty and outpatient ward including two consulting rooms and a dentist room
- the building and/or upgrade of two new operating theatres
- a new CSSD
- a new radiology unit
- a new laboratory and
- the refurbishment and upgrade of the existing Humansdorp hospital, which includes:
 - o the painting of all interiors and exteriors
 - o the reparation and replacement (where necessary) of all ceilings
 - o the reparation and replacement (where necessary) of all floors
 - o the upgrading of electrical and mechanical installations
 - o the upgrading of fire detection and nurse calling units
 - o the reparation and replacement (where necessary) of all windows, inclusive of existing specialized units and facilities, to be made available to the private sector party on the basis that the facilities shall consist of those being exclusively used by the private sector and others being jointly used by the Department and the private sector for the duration of this Agreement
- The Concessionaire further provides maintenance and facility management services to the Humansdorp hospital in return for the payment of service payments to the Concessionaire by the Provincial Government.

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Nature and extent of rights to use specified assets

As described above.

Obligations to provide or rights to expect provision of services

The Provincial Government has granted to the Concessionaire, the exclusive right during the Concession Period to:

- o use and operate the project facilities
- o carry out operations to combine the different strengths of both government and private sector for the more efficient utilization of government resources
- o add on existing resources through private sector investment
- o improve maintenance of existing resources through the creation of income generating activities for the benefit of both the Concessionaire and the Department.

And further as provided for in terms of the Agreement:

- o to construct and install the additional project facilities (including the installation of furniture, equipment, fixtures and fittings, as the case may be) strictly in accordance with the design documents and construction requirements;
- o generate, charge and collect revenues from the operation and management of the project facilities during the concession period;
- o use the concession area and project facilities for the purposes of the project, whether exclusively or jointly with the Provincial Government
- o And provide the Services to the Provincial Government against payment of Service Payments in accordance with the Payment Mechanism by the Provincial Government.

Obligation to deliver or rights to receive specified assets at the end of the concession period

The Concessionaire has, and will have, no title, ownership, limited ownership, lien, or leasehold rights or any other rights of title with regard to the existing project facilities which vest and shall remain to vest in the Provincial Government, for the duration of the agreement, as well as after expiry or earlier termination thereof.

The Department shall become owner of all movable additional project facilities with effect from expiry or earlier termination of this agreement and the Department shall become owner of all immovable additional project facilities and additional project facilities which are in any way affixed to the concession area or improvements thereon (such as fixtures, fittings and equipment) as soon as the same are affixed, but excluding such equipment and furniture which are listed and excluded from additional project facilities as defined.

Renewal and termination options

The agreement shall automatically be terminated on expiry of the twenty – one year concession period, unless terminated earlier in accordance with the provisions of the agreement.

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	2012/13 R'000	2011/12 R'000
Contract Fee		
Variable component		
This is based on forecast real profit target		
Contract fee paid – Unitary Charge		
Fixed component		
Building, Mechanical & Electrical Comp	3,775	519
Cleaning & Domestic	1,808	681
Gardens & Grounds	484	183
Laundry	640	240
Security	744	280
Waste Management	340	151
Catering Services	2,078	797
Other costs	922	147
TOTAL	10,791	2,998

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32.2 Upgrading and Refurbishment of the Port Alfred & Settlers Hospitals in Port Alfred and Grahamstown and the establishment of co-located private hospital facilities

Description of the arrangement

The concession agreement (15 year contract to May 2022) was signed on the 7 May 2007 and incorporates the Port Alfred and Settlers District Hospitals.

It incorporates the financing, design, upgrade and refurbishment of the facilities and provision of operational and associated services including hard and soft facilities management and life-cycle maintenance, refreshment and replacement of selected equipment (including medical equipment, medical instrumentation and Durables), IM&T and furniture at the above-named Hospitals together with the co-location of private hospital facilities to be operated by the Private Party, all in terms of a Public Private Partnership, as regulated by the Treasury Regulations to the Public Finance Management Act, No 1 of 1999.

The Department at year end is currently paying the Unitary Fee on the Port Alfred component of the project and paying the Development Fee on the Settlers component of the project.

The Port Alfred co-location District Hospital was opened by the former Health MEC, Ms P Majodina in February 2009 and the Settlers co-location District Hospital was opened by the former Health MEC, Mr P Masualle in January 2010.

Terms of the agreement / Obligations to acquire or build items of property, plant and equipment / other rights and obligations (e.g. major overhauls)

The Project embarked on by the Concessionaire through the conclusion of this Agreement, involves the granting of Concession Rights by the Provincial Government to the Concessionaire against the payment of variable concession fees and:

- 30 private beds
- Private pharmacy
- Private administration
- Two Private consulting rooms
- 60 public beds
- Public outpatients facility
- Public Pharmacy
- Public administration
- Shared facilities for Labour ward, Maternity ward, Radiology, Casualty, Theatres, CSSD, Kitchen & staff facilities, mortuary, stores, linen areas and plant and workshop areas
- The refurbishment and upgrading of existing facilities at the Port Alfred and Settlers Hospitals includes:
 - o roof construction which will be double pitched timber trusses with concrete roof tiles to suitable pitch;
 - o rainwater goods which are to be fibre cement, positioned to divert rain water from roofs to storm water channels and painted with suitable exterior paint;
 - o Floor construction which is to be concrete surface beds, screened to receive floor finish. Floor finishes and skirting will be suitable for cleaning as per service specification;

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- o brick walls, external and internal to be plastered with one coat of cement plaster and painted with suitable interior and exterior paint;
- o The ceilings are to be vinyl clad gypsum suspended ceilings with exposed T's suspended from trusses. Flush plastered suspended ceilings in theatres only;
- o aluminium windows with opening sections where required by regulations and suitable glazing all in accordance with applicable regulations; and
- o All steel doorframes to be galvanised door frames painted with suitable interior and exterior paint where applicable. Internal doors to be hollow core doors painted with suitable interior paint.

Nature and extent of rights to use specified assets

As described above.

Obligations to provide or rights to expect provision of services

The Provincial Government has granted to the Concessionaire, the exclusive right during the Concession Period to:

- use and operate the project facilities
- carry out operations to combine the different strengths of both government and private sector for the more efficient utilization of government resources;
- add on existing resources through private sector investment; and
- Improve maintenance of existing resources through the creation of income generating activities for the benefit of both the Concessionaire and the Department.

And further as provided for in terms of the Agreement:

- to construct and install the additional project facilities (including the installation of furniture, equipment, fixtures and fittings, as the case may be) strictly in accordance with the design documents and construction requirements;
- generate, charge and collect revenues from the operation and management of the project facilities during the concession period;
- use the concession area and project facilities for the purposes of the project, whether exclusively or jointly with the Provincial Government; and
- provide the Services to the Provincial Government against payment of Service Payments in accordance with the Payment Mechanism by the Provincial Government.

Obligation to deliver or rights to receive specified assets at the end of the concession period

The rights of use of the Project Site and Facilities afforded to the Private Party shall not confer or be deemed to confer upon the Private Party a right of ownership, mortgage, pledge, lien, a lease, a licence or any other security interest or right of limited ownership in the Project Site or any of the Facilities other than Rights of Way for purposes of performing the Project Deliverables. Title to the Project Site and Facilities, including all improvements thereto, shall at all times vest in the Institution without Encumbrance.

The Private Party shall upon expiry or early termination of this Agreement, subject to the provisions of this Agreement, hand over the Facilities (including the Private Facilities) to the Institution free of any Encumbrance or of any liabilities or debt, and shall not, save as provided for in this Agreement, be entitled to payment of any amounts in connection therewith.

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Renewal and termination options

The agreement shall automatically be terminated on expiry of the fifteen year concession period, unless terminated earlier in accordance with the provisions of the agreement.

	2012/13	2011/12
	R'000	R'000
Contract Fee		
Contract fee paid		
Fixed component	46,394	55,307
Current expenditure		
Goods and services (Port Alfred and Settlers Hospital) (excluding leases)	11,678	3,434

		2012/13	2011/12
	Note	R'000	R'000
33 Impairment			
Debtors - Departmental revenue		130,142	124,533
Debt account		80,321	71,013
Total		210,463	195,546

34 Non-adjusting events after reporting date

In terms of the Eastern Cape Finance Act (2013), the department has received authorisation, with funding, of R1,286 billion. This related to unauthorised expenditure relating to 2011/12 (R297,6 million), 2010/11 (R116,4 million) and 2009/10 (R871,9 million). This was approved by the Premier of the Province of the Eastern Cape on 28 March 2013, and received by the department on 10 April 2013.

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35 Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE
YEAR ENDED 31 MARCH 2013

	Opening balance R'000	Curr year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
Machinery and Equipment	779,480	436,105	122,013	336,639	1,000,959
Transport assets	46,512	64,710	225	1,707	109,740
Computer equipment	52,022	4,588	19,012	62,040	13,582
Furniture and office equipment	82,625	12,791	8,475	40,453	63,438
Other machinery and equipment	598,322	354,016	94,301	232,439	814,200
Total Movable Tangible Capital Assets	779,480	436,105	122,013	336,639	1,000,959

35.1 ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE
YEAR ENDED 31 MARCH 2013

	Cash R'000	Non-cash R'000	(Capital work-in- progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
Machinery and Equipment	267,516	265	(148,241)	2,473	122,013
Transport assets	136,246	67	(136,088)	-	225
Computer equipment	18,978	34	-	-	19,012
Furniture and office equipment	8,475	-	-	-	8,475
Other machinery and equipment	103,817	164	(12,153)	2,473	94,301
Total	267,516	265	(148,241)	2,473	122,013

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VOTE 3DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 201335.2 DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE
YEAR ENDED 31 MARCH 2013

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
Machinery and Equipment				
Transport assets	-	1,707	1,707	-
Computer equipment	-	62,040	62,040	-
Furniture and office equipment	-	40,453	40,453	-
Other machinery and equipment	-	232,439	232,439	-
Total	-	336,639	336,639	-

35.3 MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE
YEAR ENDED 31 MARCH 2012

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Machinery and Equipment	621,653	158,188	361	779,480
Transport assets	33,911	12,601	-	46,512
Computer equipment	43,011	9,011	-	52,022
Furniture and office equipment	67,085	15,540	-	82,625
Other machinery and equipment	477,647	121,036	361	598,322
Total Movable Tangible Capital Assets	621,653	158,188	361	779,480

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for the year ended 31 March 201335.4 MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2013

	Machinery and equipment R'000	Total R'000
Opening balance	131,027	131,027
Curr Year Adjustments to Prior Yr Balances	332,535	332,535
Additions	36,677	36,677
Disposals	(75,021)	(75,021)
TOTAL MINOR ASSETS	425,218	425,218
	Machinery and equipment	Total
Number of R1 minor assets	14,275	14,275
Number of minor assets at cost	433,839	433,839
TOTAL NUMBER OF MINOR ASSETS	448,114	448,114

Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Machinery and equipment R'000	Total R'000
Opening balance	105,660	105,660
Additions	25,367	25,367
Total Minor Assets	131,027	131,027
	Machinery and equipment	Total
Number of R1 minor assets	163,639	163,639
Number of minor assets at cost	146,174	146,174
Total Number of Minor Assets	309,813	309,813

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During the year under review, the department entered into an agreement with I-chain, an external service provider, to verify, tag and conduct a condition assessment of all assets in all the institutions across the province. Teams were established from both the department and service provider as this was a co-managed project. Teams underwent a training course on how to barcode and assign proper descriptions using asset catalogues and scanners. After scanning, asset listings are printed and checked by quality controllers for final sign-off. All assets were assigned to owners or controllers to confirm existence by way of signing-off.

A process of reconciliation between the old and new asset register was performed per institution. Any unmatched assets were investigated by a dedicated team and when all processes were exhausted, these assets were then recommended for write-off. The recommendation also included assets that were broken.

A write off of R412 million was recommended by the Board of Survey and approved by the Accounting Officer (R336 for major assets per note 35 and R75 million for minor assets per note 35.4). This amount is made up of R14 million for broken assets and R398 million for assets that could not be found.

It must also be noted that in the verification process, assets to value of R768 million (R 436 million for major assets per note 35 and R332 million for minor assets note 35.4) were brought onto the fixed asset register. This includes values for assets that were previously R1 as well as assets that were found on the floor but not previously included in the fixed asset register.

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for the year ended 31 March 201336 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2013

	Opening balance R'000	Curr year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer Software	336	-	-	281	55
Total Intangible Capital Assets	336	-	-	281	55

36.1 DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2013

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash received Actual R'000
Computer Software	-	281	281	-
TOTAL DISPOSAL OF INTANGIBLE CAPITAL ASSETS	-	281	281	-

36.2 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2012

	Opening balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer Software	336	-	-	336
Total Intangible Capital Assets	336	-	-	336

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37 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE
YEAR ENDED 31 MARCH 2013

	Opening balance R'000	Curr year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
Buildings and other Fixed Structures	-	-	-	-	-
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	-	-	-	-	-
Total Immovable Tangible Capital Assets	-	-	-	-	-

Additions

37.1 ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE
YEAR ENDED 31 MARCH 2013

	Cash R'000	Non-cash R'000	(Capital work-in- progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year R'000	Total R'000
Buildings and other Fixed Structures	598,416	-	(695,650)	97,234	-
Dwellings	-	-	-	-	-
Non-residential buildings	598,416	-	(695,650)	97,234	-
Other fixed structures	-	-	-	-	-
Total Additions to Immovable Tangible Capital Assets	598,416	-	(695,650)	97,234	-

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Movement for 2011/12

37.2 MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE
YEAR ENDED 31 MARCH 2012

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Buildings and other Fixed Structures	-	-	-	-
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	-	-	-	-
Total Immovable Tangible Capital Assets	-	-	-	-

37.3 Assets subjected to transfer in terms of S42 of the PFMA

	No of Assets	Value of Assets R'000
Buildings and other Fixed Structures	89	1,635,166
Dwellings	-	-
Non-residential buildings	89	1,635,166
Other fixed structures	-	-
Total	89	1,635,166

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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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38. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT				2011/12	
	Division of Revenue Act Provincial Grant	Roll Overs	DORS Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under / (over- spending)	% of available funds spent by department %	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000			R'000	R'000
National Tertiary Services Grant	682,445	19,974	-	-	702,419	702,419	657,292	45,127	93.6%	647,104	627,075
Health Professionals and Development Grant	178,730	4,291	-	-	183,021	182,093	178,743	3,350	97.7%	194,949	190,782
Hospital Revitalisation Grant	402,679	57,494	-	-	460,173	460,173	414,560	45,613	90.1%	633,304	556,929
Comprehensive HIV/AIDS	1,060,852	8,285	-	-	1,069,137	1,069,137	1,040,502	28,635	97.3%	915,473	906,236
Forensic Pathology	-	-	-	-	-	-	-	-	0.0%	87,018	84,690
Health Infrastructure Grant	258,862	47,852	-	-	306,714	306,714	302,716	3,998	98.7%	376,764	328,572
EPWP Incentive Social Cluster	13,780	-	-	-	13,780	13,780	13,699	81	99.4%	-	-
EPWP Incentive	1,000	-	-	-	1,000	1,000	1,000	-	100.0%	16,579	-
Nursing College and Schools Grant	14,660	-	-	-	14,660	14,660	12,394	2,266	84.5%	-	-
National Health Insurance	11,500	-	-	-	11,500	11,500	8,094	3,406	70.4%	-	-
AFCON	-	-	-	3,000	3,000	3,000	2,353	647	78.4%	-	-
					-						
	2,624,508	137,896	-	3,000	2,765,404	2,764,476	2,631,353	133,123		2,871,191	2,694,284

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 1B
STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2011/12
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of available funds transferred	Amount received by Municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Alfred Nzo	3,909	-	-	3,909	3,909	100%	3,909	3,909	100%	-
Joe Gqabi	2,954	-	-	2,954	2,954	100%	2,954	2,954	100%	-
Buffalo City Metro	1,221	-	-	1,221	1,065	87%	1,065	1,065	100%	-
	8,084	-	-	8,084	7,928		7,928	7,928		-

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1C
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS (CONTINUED)

DEPARTMENT / AGENCY / ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2011/12
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Berlin Advice Centre	134	-	-	134	-	0%	-
Border Hospice	1,161	-	-	1,161	1,161	100%	-
Camdeboo Hospice	501	-	-	501	501	100%	-
Caring Hands	467	-	-	467	467	100%	-
Donald Woods Foundation	9,000	-	-	9,000	9,000	100%	-
Empilisweni Hiv/Aids & Orphans	134	-	-	134	-	0%	-
Faith And Hope Integrate Aids Programme	134	-	-	134	-	0%	-
Good Samaritan Home	134	-	-	134	-	0%	-
Good Shepherd Hospice	134	-	-	134	-	0%	-
Grahamstown Hospice	695	-	-	695	695	100%	-
Gwebindlala Hiv/Aids Organisation	134	-	-	134	-	0%	-
Hlumani Hiv/Aids Care Givers	134	-	-	134	-	0%	-
House Of Hope Hospice	134	-	-	134	-	0%	-
Ikaheng Community Assoc	430	-	-	430	-	0%	-
Ikamvelihle Rehab Centre	134	-	-	134	430	321%	-
Ikhwezi Women'S Support Centre	134	-	-	134	-	0%	-
Ikwezi Lomso Child & Family Welfare Society	191	-	-	191	-	0%	-
Ilitha Community Psychological Services	134	-	-	134	-	0%	-
Inkwanca Homebase	766	-	-	766	-	0%	-
Jongilanga Train & Dev Centre	430	-	-	430	430	100%	-
Keiskamma Trust	134	-	-	134	-	0%	-
Kwanomzamo Home Based	430	-	-	430	430	100%	-
Lifeline (EI)	236	-	-	236	234	99%	-

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 1C
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS (CONTINUED)

DEPARTMENT / AGENCY / ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2011/12
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Lighthouse Comm Develop	430	-	-	430	430	100%	-
Masakhe Peelton Support Group	134	-	-	134	-	0%	-
Masibambisane Home Based Care & Support Groups	134	-	-	134	-	0%	-
Masiphilisane Home Bas Care	430	-	-	430	430	100%	-
Matatiele Advice Centre	430	-	-	430	430	100%	-
Mpuma Kapa Multi Purpose	134	-	-	134	-	0%	-
Nazareth Haven Hospice	472	-	-	472	472	100%	-
Ncedisizwe Hbc	134	-	-	134	-	0%	-
Never Give Up Support Group	134	-	-	134	-	0%	-
Port St Johns Creative Young Women Group	134	-	-	134	-	0%	-
Sakhimpilo Home Based Care Project	134	-	-	134	-	0%	-
Sicelusizo Development Trust	134	-	-	134	-	0%	-
Sinako Wellness And Development Organisation	78	-	-	78	-	0%	-
Sinethemba Organisation	134	-	-	134	-	0%	-
Sinothando Home Of Safety	134	-	-	134	-	0%	-
Siyakhanyisa Hiv&Aids Support Group	134	-	-	134	-	0%	-
Sizanenguqu Home Community Based Care	134	-	-	134	-	0%	-
Sophumelela Clinic Incorporated	134	-	-	134	-	0%	-
St Francis Hospice	1,160	-	-	1,160	1,160	100%	-
The Mahlangu Foundation	430	-	-	430	430	100%	-
Thusanang Home Based Care	372	-	-	372	372	100%	-
Thyilulwazi Multipurpose Centre	524	-	-	524	524	100%	-

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 1C
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS (CONTINUED)

DEPARTMENT / AGENCY / ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2011/12
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Ukhamba Projects	134	-	-	134	-	0%	-
Umtata Womens Support Centre	134	-	-	134	-	0%	-
Umzimkhulu Develop Serv	430	-	-	430	430	100%	-
Vukukhanye Prod Health	691	-	-	691	692	100%	-
We Care	134	-	-	134	-	0%	-
Yizani Home Based Care	134	-	-	134	-	0%	-
Hw Seta	5,800	-	-	5,800	5,709	0%	-
Hospices							45,770
	29,437	-	-	29,437	24,427		45,770

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 1D
STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS

UNIVERSITY/TECHNIKON	TRANSFER ALLOCATION				TRANSFER			2011/12
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Amount not Transferred	% of available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Walter Sisulu University	58,671	-	21,500	80,171	80,095	76	0%	123,174
Nelson Mandela Metropolitan	34,000	-	(21,500)	12,500	12,500	-	0%	9,500
University of Fort Hare	750	-	-	750	750	-	0%	2,463
Rhodes University	8,424	-	-	8,424	8,425	(1)	0%	3,512
	101,845	-	-	101,845	101,770	75		138,649

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 1H
STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2011/12
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Districts	66,795	-	-	66,795	64,147	96%	43,446
Clinical H/Comp	37,102	-	-	37,102	50,062	135%	9,968
Other	151,441	-	-	151,441	146,152	97%	81,501
Total	255,338	-	-	255,338	260,361		134,915

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 1I
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2012/13 R'000	2011/12 R'000
Received in cash			
ATLS	Aiconditioner	-	5
Broad Reach Health care	Small Assets and Stationery	260	1,671
Capitec	Various Assets	-	7
CHOC	Fax Copier Printer	-	50
Christ Embassy	Dstv Decoders	-	2
Dr BG Brown	OfficeJet Pro 8500A Printer	-	2
Dr Mashiya	Various Assets	-	5
EU Partnership for Development Prim Health Care	Various Assets	-	115
Gift of the Givers Foundation	Consumables	-	7
Icap Global Health Action	Various Assets	-	16
Icap - South Africa	Agfa DT2B Drystar film	-	47
Industrial Development Corporation	Scanner	-	1,339
Italian Co-operation	Motor Vehicles	-	155
Masivuse Medical	CAPEX	-	109
Mindset Health Network	CAPEX	-	8
Mr M Loonat	Pedal Bins	-	6
Neurosurgery	Audio Visual	-	4
Oxfam Italia	Various Assets	-	51
Prayer Group Ministries	Linen	-	8
Unicef - South Africa	Motor Vehicles	-	120
Volkswagen	CAPEX	-	691
Savoy Hotel	Various Assets	5	-
Road Accident Fund and Valerie Fellows	Various Assets	5	-
PSA	19 x cot beds	38	-

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 1I - (continue)
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2012/13 R'000	2011/12 R'000
DFID	Various assets	98	-
Sun Orange Farms Community Trust	Transport Incubator with Trolley	63	-
USAID	Computers and Dental Equipment	366	-
Kheth'impilo Aids Free Living	Park Home (Nompumelelo Hospital)	137	-
SANDOZ	Vuka scooters	79	-
TOTAL		1,051	4,418

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 1J
STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDITURE R'000	CLOSING BALANCE R'000
Received in cash					
European Union		7,732	2,001	3,378	6,355
Global Fund		(1,147)	-	-	(1,147)
Subtotal		6,585	2,001	3,378	5,208

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2013 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2011	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2013	Guaranteed interest for year ended 31 March 2012	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ABSA	Housing	-	3,268	92	975	(1,693)	692	-	-
Standard Bank	Housing	-	1,639	336	577	(189)	1,209	-	-
Nedbank	Housing	-	(999)	-	37	1,273	237	-	-
Nedbank(BOE)	Housing	-	26	-	-	(26)	-	-	-
BOE Bank Ltd	Housing	-	(219)	-	-	219	-	-	-
Nedbank LTD (NBS)	Housing	-	916	-	59	(335)	522	-	-
FNB (Firststrand)	Housing	-	1,964	-	20	(329)	1,615	-	-
FNB (Saambou Bank)	Housing	-	(7)	-	-	276	269	-	-
Peoples Bank (FBC FID)	Housing	-	781	-	235	(291)	255	-	-
GBS Mutual	Housing	-	27	-	-	85	112	-	-
Hlano Financial Services	Housing	-	13	-	-	-	13	-	-
Meeg	Housing	-	49	-	24	(7)	18	-	-
Southnet Financial Services	Housing	-	10	-	-	-	10	-	-
Old Mutual (Nedbank)	Housing	-	2,047	14	173	(1,478)	410	-	-

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 3A - (continue)
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2013 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2011	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2012	Guaranteed interest for year ended 31 March 2012	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Investec	Housing	-	(350)	-	-	407	57	-	-
NHFC	Housing	-	25	-	-	-	25	-	-
Unique	Housing	-	265	-	-	(73)	192	-	-
SA Home Loans	Housing	-	18	-	-	(18)	-	-	-
Ithala Limited	Housing	-	-	-	-	2	2	-	-
	Total	-	9,473	442	2,100	(2,177)	5,638	-	-

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2013

Nature of Liability	Opening Balance 1 April 2012 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2013 R'000
Claims against the department					
Legal Claims	1,110,534	539,580	108,348	-	1,541,766
Subtotal	1,110,534	539,580	108,348	-	1,541,766
Other					
OSD	7,929	22,093	-	-	30,022
HROPT	438	-	438	-	-
Price variation and price increase	3,804	-	3,804	-	-
Grade progression - PSCBC resolution 3 of 2009	-	9,108	-	-	9,108
Subtotal	12,171	31,201	4,242	-	39,130
TOTAL	1,122,705	570,781	112,590	-	1,580,896

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 4
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000
Department						
Department of Health NC	-	-	41	24	41	24
Department of Education EC	-	116	99	-	99	116
Department of Health KZN	581	2,846	720	1,755	1,301	4,601
Department of Health NW	-	-	98	-	98	-
Department of Health Gauteng	-	60	118	118	118	178
Department of Health WC	-	-	335	99	335	99
Department of Health Limpopo	-	-	-	31	-	31
Department of Public Works EC	-	-	46	388	46	388
Department of Health FS	-	-	27	270	27	270
Department of Health Mpumalanga	-	-	8	5	8	5
Police FS	-	-	-	14	-	14
SASSA EC	-	-	22	22	22	22
National Correctional Services	-	-	-	37	-	37
National Department of Home Affairs	-	-	-	44	-	44
National Department of Health	-	-	-	25	-	25
Department of Arts and Culture KZN	-	-	19	54	19	54
Department of Agriculture KZN	23	-	-	23	23	23

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 4 - (continue)
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2012 R'000	31/03/2011 R'000	31/03/2012 R'000	31/03/2011 R'000	31/03/2012 R'000	31/03/2011 R'000
Department of Education GP	-	-	-	10	-	10
Department of Education FS	20	-	-	-	20	-
National Department of Public Works	-	-	24	-	24	-
National Department of Justice and Constitutional Development	-	-	19	-	19	-
Total	624	3,022	1,576	2,919	2,200	5,941

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 5
INTER-GOVERNMENT PAYABLES

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000
DEPARTMENTS						
Current						
WC Health	-	43	-	47	-	90
EC Treasury	-	114	-	-	-	114
EC Sports	-	17	-	-	-	17
Water Affairs	-	3	-	-	-	3
SAPS	-	7	-	6	-	13
Transport KZN	33	-	-	33	33	33
EC Social Development	-	12	18	93	18	105
PALAMA	276	276	-	-	276	276
Health Mumalanga	-	65	-	-	-	65
EC Public Works	10	14,758	-	661	10	15,419
Gauteng Shared Services	-	-	94	94	94	94
EC Education	94	43	-	52	94	95
Correctional Services	-	41	-	-	-	41
Limpopo Dept of Health and Social Development	-	-	-	8	-	8
NC Health	103	-	-	-	103	-
National Department of labour	24	-	-	-	24	-
Total	540	15,379	112	994	652	16,373

(PROVINCE OF THE EASTERN CAPE DEPARTMENT OF HEALTH)
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 6
INVENTORY

Inventory	2012/13		2011/12	
	Quantity	R'000	Quantity	R'000
Inventory				
Opening balance	-	423,058	-	342,673
Add/(Less): Adjustments to prior year balances	-	(25,093)	-	(16,013)
Add: Additions/Purchases - Cash	-	1,859,114	-	1,679,111
Add: Year end journal in respect of purchases	-	-	-	2,162
Add: Additions - Non-cash	-	57,167	-	49,922
Add: Stock in transit	-	25,398	-	25,095
(Less): Disposals	-	(252)	-	(9,316)
(Less): Issues	-	(1,919,635)	-	(1,664,721)
Add/(Less): Adjustments	-	(16,336)	-	14,145
Closing balance	-	403,421	-	423,058