



# ANNUAL REPORT

## 2023/2024

### FINANCIAL YEAR



Office of Health Standards Compliance  
Ensuring quality and safety in health care





Office of Health Standards Compliance  
Ensuring quality and safety in health care



## **ANNUAL REPORT 2023/24 FINANCIAL YEAR**

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## 1. PUBLIC ENTITY'S GENERAL INFORMATION

**REGISTERED NAME:** Office of Health Standards Compliance

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**EXTERNAL AUDITORS:** Auditor-General of South Africa  
PO Box 446  
Pretoria  
0001

**BANKERS:** Standard Bank

**CHAIRPERSON OF BOARD:** Dr E Kenoshi

**CHIEF EXECUTIVE OFFICER:** Dr S Mndaweni

**COMPANY/ BOARD SECRETARY:** Ms PK Padayachee

## 2. LIST OF ABBREVIATIONS/ACRONYMS

<b>AGSA</b>	Auditor-General of South Africa
<b>AI</b>	Artificial Intelligence
<b>APP</b>	Annual Performance Plan
<b>AR</b>	Annual Returns
<b>ARF Committee</b>	Audit, Risk, and Finance Committee
<b>AU</b>	African Union
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>BMI</b>	Body Mass Index
<b>CAU</b>	Complaints Assessment Unit
<b>CCC</b>	Complaints Call Centre
<b>CCMA</b>	The Commission for Conciliation, Mediation and Arbitration
<b>CEC</b>	Certification and Enforcement Committee
<b>CEO</b>	Chief Executive Officer
<b>CHCs</b>	Community Health Centers
<b>CIU</b>	Complaints Investigation Unit
<b>CMS</b>	Council for Medical Schemes
<b>CSF</b>	Compliance Status Framework
<b>DMA</b>	Disaster Management Act
<b>EC</b>	Eastern Cape Province
<b>EEA</b>	Employment Equity Act
<b>EWS</b>	Early Warning System
<b>FS</b>	Free State Province
<b>GCIS</b>	Government Communication and Information System
<b>GP</b>	Gauteng Province
<b>GPs</b>	General Practitioners
<b>HEs</b>	Health Establishment
<b>HIV</b>	Human Immunodeficiency Virus
<b>HR</b>	Human Resources
<b>HRREM com</b>	Human Resource and Remuneration Committee
<b>HSDAS</b>	Health Standards Design, Analysis and Support



## LIST OF ABBREVIATIONS/ACRONYMS

<b>ICT</b>	Information And Communication Technology
<b>KZN</b>	KwaZulu-Natal Province
<b>LP</b>	Limpopo Province Province
<b>MEC</b>	Member of the Executive Council
<b>MP</b>	Mpumalanga Province
<b>MTEF</b>	Medium-Term Expenditure Framework
<b>NC</b>	Northern Cape Province
<b>NDoH</b>	National Department of Health
<b>NDP</b>	National Development Plan
<b>NHA</b>	National Health Act
<b>NHAA</b>	National Health Amendment Act
<b>NHRPL</b>	National Health Reference Price List
<b>NHI</b>	National Health Insurance
<b>NW</b>	North West Province
<b>OHO</b>	Office of the Health Ombud
<b>OHSC</b>	Office of Health Standards Compliance
<b>PAI</b>	Person Assisting Inspectors
<b>PAIA</b>	Promotion of Access to Information Act
<b>PAJA</b>	Promotion of Administrative Justice Act
<b>PFMA</b>	Public Finance Management Act
<b>PHC</b>	Primary Health Care
<b>PPPFA</b>	Preferential Procurement Policy Framework Act
<b>SADTC</b>	South African Dental Technicians Council
<b>SAHPRA</b>	South African Health Products Regulatory Authority
<b>SDA</b>	Skills Development Act
<b>SDGs</b>	Sustainable Development Goals
<b>SMS</b>	Senior Management Service
<b>SOP</b>	Standard Operating Procedure
<b>UHC</b>	Universal Health Coverage
<b>WC</b>	Western Cape Province

### 3. FOREWORD BY THE CHAIRPERSON



Dr. Ernest Kenoshi

The Office of Health Standards Compliance (OHSC)'s mandate is influenced by various national health and development policies aligned with regional and global health and developmental goals. The current OHSC Board, as the accounting authority whose fiduciary duties are set out under the Public Finance Management (PFMA) Act, assumed its responsibilities on 12 February 2023. Members continue to discharge their oversight on the OHSC with vigour and eagerness.

This annual report seeks to provide insight into the OHSC's strategic view for the 2023/2024 financial year (FY) and briefly share the Board's plans for the 2024/2025 FY and beyond. The OHSC is reviewing its performance against the twenty-three (23) five-year targets and beginning to develop the 2025-2030 Strategic Plan.

The 2023/2024 FY, being the last financial year of the sixth term of government, is preceding the last year of the OHSC's 2020-2025 Strategic Plan. The 2024/2025 FY Annual Performance Plan (APP) is the last one for the 2020-2025 strategy, and the performance against the set target for the 2024/2025 FY APP is aimed at implementing remedial actions that will lead to the OHSC's achieving an overall performance that is above 70% for the 2020-2025 strategic plan.

The performance against the set targets for 2023/2024 FY is 69.6% which is a performance improvement compared to the 65% achieved in 2022/2023 FY.

For this year, the OHSC has maintained the trend of obtaining an unqualified audit (clean audit) opinion by the Auditor-General, demonstrating good corporate governance.

During the year under review, the OHSC has undertaken a diagnostic assessment study to determine the state and performance of its monitoring and evaluation system. The entity has further developed the monitoring and evaluation framework, which describes the systematic process of identifying, gathering, processing, reporting, tracking, and evaluating critical deliverables concerning its predetermined priorities.

OHSC is progressively developing inspection tools used to inspect health establishments for compliance with norms and standards regulations by different categories of health establishments. The OHSC has enhanced support to the public and private health sectors, contributing to the health establishments' improved performance against the norms and standards regulations.

The National Health Insurance (NHI) Act, signed into law on 15 May 2024, represents a significant milestone for South Africa's healthcare system. The Board recognises the NHI Act as the first step towards Universal Health Coverage in South Africa. The OHSC's role in ensuring safe and quality health services provisioning by health establishments contributes significantly to implementing the NHI. Obtaining an OHSC certificate of compliance is a prerequisite for health establishments to obtain accreditation and contract with the NHI Fund.

The Board recognises that for the OHSC to increase the certification of health establishments, it must increase the inspection coverage of health establishments. The resources available for the OHSC to achieve this important role are inadequate. The Board provides strategic direction to the OHSC and explores various inspection models. This includes considering utilising artificial intelligence (AI) to augment the inspection processes. The Board also plans to pilot a decentralised business model accessible to stakeholders nationwide, hopefully increasing inspection turnaround time.

The OHSC's founding legislation allows the entity to charge fees for the services it renders. In the coming year, the Board will begin a consultation process with relevant stakeholders as it prepares to execute this legislated expectation.

The Board is grateful to the Minister of Health for his continuous support and guidance to the OHSC. It appreciates the support from the Portfolio Committee on Health, the National Health Council, the Director-General of Health, internal and external Stakeholders and relevant managers in the National Department of Health.



**Dr Ernest Kenoshi**

**Chairperson of the Board**

**Office of Health Standards Compliance**

**Date: 30/07/2024**

## 4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



Dr. Sipiwe Mndaweni

The Office of Health Standards Compliance (OHSC) has finalised its 2023/24 Annual Report, which details the progress in implementing its Annual Performance Plan (APP). The OHSC is an independent health regulator created under the National Health Act of 2013 to ensure health establishments in South Africa – from major hospitals to clinics, the independent practices of doctors and other health professionals who provide healthcare services.

The 2023–2024 fiscal year heralds a new era for the OHSC as the entity reflects on its achievements and challenges from previous years. The entity continued to enhance its strategic objectives as outlined in the 2020 – 2025 Strategic Plan – our journey over the past four years. Despite facing challenges, the health regulator has achieved 69.6% (16) of the 23 planned APP output indicator targets, while 30.4% (7) have not been achieved. Of the achieved indicators, 62.5% (10 out of 16) were attributed to core programmes, while 37.5% (6 out of 16) were attributed to support programmes.

As a healthcare quality assurance regulator, the functioning of the OHSC is mainly influenced by the norms and standards prescribed by the Minister of Health. The OHSC continuously develops inspection tools for various levels of care through a consultative process involving relevant stakeholders. During the reporting period, the OHSC has finalised inspection tools for central and provincial tertiary hospitals. The inspection tools for central and provincial tertiary hospitals were piloted, and inputs from health establishments were considered before finalisation. In addition, annual updates for the clinic, community health centre, district, regional, and private acute hospital inspection tools have been finalised.

As part of monitoring compliance with the prescribed regulations, the OHSC is responsible for conducted routine and additional inspections in different categories of health establishments, both in the public and private health sectors. During the reporting period, the OHSC conducted 734 routine inspections in public health establishments against a target of 689 and 60 routine inspections at private sector health establishments.

In numerous instances, Health establishments that attained compliant status with the norms and standards regulations were issued certificates of compliance, and those that gained a non-compliant status were issued compliance notices. Compliance notices were sent to all non-compliant health establishments, indicating the steps to achieve the required service standards and setting timeframes for such improvements. During the period under review, 618 health establishments were certified. Of the 618 certified health establishments, 501 were from routine inspections, while 117 were from re-inspections.

Enforcement actions were taken against health establishments that were found to be persistently non-compliant with the regulated norms and standards after a re-inspection. As part of the enforcement action, a total of 45 health establishments were issued with written warnings.

The OHSC follows legal prescripts and regulations when collecting, processing, storing, and sharing its information with other parties. Our Information, Communication, and Technology (ICT) systems have been streamlined to protect information collected from electronic inspection tools, annual returns, early warning systems, and by developing self-assessment and dashboards.

In terms of complaints management, the office works with the Health Ombud, located within the OHSC, to consider, investigate, and dispose of complaints that lead to breaches of the prescribed norms and standards in a fair, economical, and expeditious manner. The complaints are risk-rated into low, medium, high, and extreme. All complaints that receive a high and extremely high-risk rating are referred for investigation.

In the financial year 2023/24, the OHO resolved 96.6% (2308/2389) of low-risk complaints within 25 working days of lodgment in the call centre and 54% (34/63) of medium-risk complaints within 30 working days through assessment and investigated a total of 44 complaints. The resolution rate of low-risk complaints was above 95% in all provinces.

During the period under review, a total of 132 posts were funded with 126 posts filled as of 31 March 2024. This equates to 95.45% of funded posts being filled. Out of the 126 posts filled, 47% (8/17) are women in Senior Management Services. Out of the the total positions, the youth is comprised of 13.5% (17/126), people living with disability is 0.8% (1/126).

The OHSC continues to raise awareness among key stakeholders on its role and powers. The organisation embarked on community campaigns in all provinces. Twenty-five (25) community stakeholder engagements were conducted to raise public awareness of the role and powers of the OHSC and Health Ombud.

### **General financial review**

The total revenue increased by 2% from R 160,847,649 in 2022/23 to R 164,449,593 in 2023/24. The OHSC's expenditure decreased from R 187,212,951 in 2022/23 to R 183,892,113 in 2023/24, which represented a decrease of 2%. Due to the nature of its current operations, the total expenditure for the OHSC's core functions was 58%, and the support functions accounted for 42% of the total expenditure .

In terms of the NHI Act, all health establishments must obtain certification to participate in the NHI fund. Taking this into account, the OHSC's scope of work is enormous and requires sufficient funding to be able to be executed efficiently. Currently, the OHSC faces human resource capacity constraints as a result of the limited funding, and this will impact the OHSC's ability to deliver on its mandate.

### **Discontinued key activities/activities to be discontinued**

There were no discontinued key activities in the OHSC during the year under review.

### **Requests for rollover of funds**

During the year under review, the OHSC requested the National Treasury to retain the surplus of R29 million for the 2022/23 financial year and this was approved. The surplus was largely used to fund the employment of staff on short-term contracts to supplement the existing capacity and other operational activities.

### **Supply chain management**

The OHSC has in place supply chain management policies and procedures for procurement activities and applies the National Treasury prescripts to ensure compliance with legislative requirements.

### **All concluded unsolicited bid proposals for the year under review**

No unsolicited bid proposals were concluded for the year under review. Measures that were put in place to prevent and detect irregular expenditure included revised and optimised procurement delegations; continuous review of SCM circulars and policies to align with new directives issued by the National Treasury. There is continuous engagement with Internal Audit, Internal Control, and risk management to identify emerging risks.

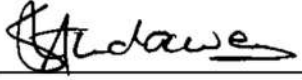
### **Audit report matters in the previous year and how they would be addressed**

The OHSC has implemented a tracking register of all internal and external audit findings to monitor the implementation of recommendations made by the auditors. Progress on the implementation of action plans is reported to the Audit, Risk, and Finance (ARF) Committee and Board quarterly.

### **Challenges experienced and how they will be resolved**

Despite limited financial and human resources, the OHSC continues to strive to fulfill its legal mandate. The limited number of permanent funded posts in the structure continues to hamper the operations. These limitations compromised the OHSC's ability to expand inspections and development of more inspection tools. As a result, the OHSC had to appoint contract workers to assist with the workload.

I would like to thank the OHSC Board for their considerable support in guiding and overseeing the OHSC operations. I would also like to express my appreciation to the OHSC's management team and staff members, who displayed resilience and a will to keep working. The collective efforts ensured that the OHSC remained on track.



**Dr Siphwe Mndaweni**

**Chief Executive Officer**

**Office of Health Standards Compliance**

**Date: 29/07/2024**

## 5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, the following is correct:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General of South Africa.

The annual report is complete, accurate, and free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.

The Annual Financial Statements (**Part F**) have been prepared in accordance with the Generally Recognised Accounting Practice standards applicable to the public entity.

The Accounting Authority is responsible for preparing the annual financial statements and the judgments made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2024.

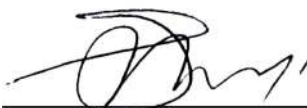
Yours faithfully



**Chief Executive Officer**

**Dr Siphwe Mndaweni**

**Date: 29/07/2024**



**Chairperson of the Board**

**Dr Ernest Kenoshi**

**Date: 30/07/2024**

## 6. STRATEGIC OVERVIEW



### 6.1

## VISION

Consistent, safe, and quality healthcare for all.



### 6.2

## MISSION

We monitor and enforce healthcare safety and quality standards in health establishments independently, impartially, fairly, and fearlessly on behalf of healthcare users.

### 6.3

## VALUES

The OHSC's corporate values are shaped by ethical considerations and constitute guiding principles that govern the actions of all employees. OHSC staff members are required to maintain the highest standards of integrity at all times and our values – listed below – ensure there is no doubt of what is required of them.

SAMPLE TEXT  
Sample Text Here



30%



70%  
MEN

60%  
WOMEN

40%  
CHILDREN



### Human Dignity

We have respect for human individuality and treat each individual as a unique human being

### Transparency

We operate in a way that creates openness between managers and employees

### Safety

We maintain a safe and healthy workplace for all employees in compliance with all applicable laws and regulations and promote a positive attitude towards safety.

### Accountability

We take responsibility for our results and outcomes

### Quality Healthcare

Quality healthcare means doing the right thing, at the right time, in the right way, for the right person – and having the best possible results

### Integrity

We conduct ourselves with openness, honesty, and respect for all stakeholders.



## 7. LEGISLATIVE AND OTHER MANDATES

The OHSC was established under the National Health Amendment Act, 2013 (Act No. 12 of 2013) (NHAA) to promote and protect the health and safety of users of health services. The OHSC is listed as a Schedule 3A public entity in terms of the Public Finance Management Act (PFMA).

The organisation derives its mandate from the Constitution of the Republic of South Africa, particularly Sections 9, 12, and 27, the NHAA and various other national laws, regulations, and policies. These are briefly described below.

### 7.1 LEGISLATIVE MANDATES

#### 7.1.1 The Constitution of the Republic of South Africa (Act No 108 of 1996)

The Bill of Rights, which forms part of the Constitution, underpins the entire health system. Section 27 establishes a universal right to have access to healthcare services, including reproductive health services and emergency medical treatment. It states categorically that nobody may be refused emergency medical treatment. The Constitution requires the state to take reasonable legislative and other measures, within available resources, to achieve the progressive realisation of access to healthcare. Section 28 of the Constitution establishes an important standard for protecting children in South Africa. Principles drawn from international law on children's rights are now incorporated into the highest law of the land. It states that every child has the right to receive basic healthcare services.

The OHSC carries out its work with due regard to the fundamental rights contained in the Constitution and other related legislation.

#### 7.1.2 The National Health Act, 2003 (Act No 61 of 2003)

The National Health Act, 2003 (Act No. 61 of 2003) (NHA) reaffirms the constitutional rights of users to access health services and just administrative action. As a result, Section 18 allows any user of health services to lay a complaint about the way he or she was treated at a health establishment. The NHA further obliges Members of the Executive Councils (MECs) to establish procedures for dealing with complaints within their areas of jurisdiction. Complaints provide useful feedback on the areas within health establishments that do not comply with prescribed standards or pose a threat to the health and safety of users and healthcare staff alike.

The NHA provides the overarching legislative framework for a structured and uniform national healthcare system. The Act highlights the rights and responsibilities of healthcare providers and users and ensures broader community participation in healthcare delivery from a health facility to national level.

The objects of the OHSC in Section 78 of the National Health Amendment Act, 2013 (Act No. 12 of 2013) (NHAA) are to protect and promote the health and safety of users of health services by:

- Monitoring and enforcing compliance by health establishments with norms and standards prescribed by the Minister concerning the national health system; and
- Ensuring that complaints about non-compliance with prescribed norms and standards are considered, investigated, and disposed of in a procedurally fair, economical, and expeditious manner.

In terms of Section 79 of the NHAA, the OHSC must:

- Advise the Minister on matters relating to norms and standards for the national health system and the review of such norms and standards;
- Inspect and certify compliance by health establishments with prescribed norms and standards, or where appropriate and necessary, withdraw such certification;
- Investigate complaints relating to breaches of prescribed norms and standards;
- Monitor indicators of risk as an early-warning system relating to serious breaches of norms and standards and report any breaches to the Minister without delay;
- Identify areas and make recommendations for intervention by a national or provincial department of health, a health department of a municipality or a health establishment, where necessary, to ensure compliance with prescribed norms and standards;
- Publish any information relating to prescribed norms and standards through the media and, where appropriate, within specific communities;

- Recommend quality assurance and management systems for the national health system to the Minister for approval;
- Keep records of all OHSC activities; and
- Advise the Minister on any matter referred to it by the Minister.

In addition, the OHSC may:

- Issue guidelines for the benefit of health establishments on the implementation of prescribed norms and standards;
- Collect or request any information relating to prescribed norms and standards from health establishments and users;
- Liaise with any other regulatory authority, and without limiting the generality of this power, request information from, exchange information with and receive information from any such authority in respect of matters of common interest or a specific complaint or investigation; and
- Negotiate cooperative agreements with any regulatory authority in order to coordinate and harmonise the exercise of jurisdiction over health norms and standards and ensure the consistent application of the principles of the Act

### **7.1.3 Norms and standards applicable to different categories of health establishments**

The Minister of Health promulgated the norms and standards regulations applicable to different categories of health establishments on 2 February 2018. The norms and standards regulations came into operation on 2 February 2019 and apply to the following categories of health establishments:

- Public sector hospitals, as set out in Government Gazette, No 35101;
- Public sector clinics;
- Public sector community health centres;
- Private sector acute hospitals;
- Private sector primary healthcare clinics and centres; and
- General Practitioners

### **7.1.4 Procedural Regulations Pertaining to the Functioning of the Office of Health Standards Compliance and Handling of Complaints by the Ombud, 2016**

The procedural regulations guide operations and exercise of powers conferred to OHSC, the Board and the Office of the Health Ombud.

The regulations cover the following areas:

- Collection of information from health establishments and designation and duties of the person in charge;
- Appointment of inspectors, training, and expertise;
- The inspection process and timelines;
- Additional inspections (Re-inspections);
- Entry and search of premises, including prior-consent procedures or the application for a warrant if required;
- Processes of certification, renewal, and suspension;
- Compliance notice and enforcement process, including formal hearing, revocation of a certificate, fines, or referral to prosecuting authority, appeals, and reporting;
- Complaints handling, investigation, and resolution procedures; lodging of complaints, screening, investigation and reporting and turnaround times; and
- General provisions about using prescribed forms (listed in Schedule 1).

### **7.1.5 Public Finance Management Act, 1999 (Act No 1 of 1999)**

Section 50 of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA) sets out the fiduciary duties of accounting authorities. Section 51 sets out the responsibilities of accounting authorities. The PFMA regulates public sector to manage and improve accountability by eliminating waste and corruption in the use of public funds. OHSC is listed as a *Schedule 3A* public entity.

### **7.1.6 The Protection of Personal Information Act, 2013 (Act No 4 of 2013)**

The purpose of the Protection of Personal Information Act, 2013 (Act No. 4 of 2013) (PoPI Act) is to safeguard that all South African institutions, including the OHSC, responsibly conduct themselves when collecting, processing, storing, and sharing personal information by holding them accountable should they abuse or compromise such information in any way. The PoPI Act regards personal information as “precious goods” and gives owners of personal information certain rights of protection and the ability to exercise control over:

When and how the information is shared (requires individual consent);

- The type and extent of information that is shared (must be collected for valid reasons);
- The transparent and accountable use of the data (limited to the purpose) and notification if/when the data are compromised;
- Who accesses personal information and the right to have personal data removed and/or destroyed;
- Adequate measures and controls to access personal information and tracking access to prevent unauthorized access;
- The storage of personal information (requires adequate measures and controls to safeguard personal information and protect it from theft or being compromised; and
- The integrity and continued accuracy of personal information (must be captured correctly and maintained by the institution that/ person who accessed it).

### **7.1.7 Promotion of Access to Information Act, 2000 (Act No 2 of 2000)**

Section 32 (1) (a) of the Constitution states that everyone has a right to access any information held by the state or another person to protect any rights. The Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) (PAIA) gives all South Africans the right to access records held by the state, government institutions, and private bodies.

The objectives of the PAIA are to:

- Ensure that the state promotes a human rights culture and social justice;
- Encourage openness and establish voluntary and mandatory mechanisms;
- Establish procedures for the right to access information quickly, effortlessly, cost-effectively, and as reasonably as possible;
- Promote transparency, accountability, and effective governance of all public and private bodies by empowering and educating everyone to understand their rights in terms of the PAIA;
- Create an understanding of the functions and operation of public bodies; and
- Encourage the scrutiny of and participation in decision-making by public bodies that affect individual/public rights.

### **7.1.8 Promotion of Administrative Justice Act, 2000 (Act No 3 of 2000)**

Section 33 (1) and (2) of the Constitution guarantees that administrative action will be reasonable, lawful, and procedurally fair. It ensures that people have the right to ask for written reasons when administrative action has a negative impact on them. Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) (PAJA) aims to make the administration effective and accountable to people for its actions. The objectives of the PAJA are to:

- Promote an efficient administration and good governance; and
- Create a culture of accountability, openness, and transparency in the public administration.

### **7.1.9 Disaster Management Act, 2002 (Act No 57 of 2002)**

The Disaster Management Act, 2002 (Act No. 57 of 2002) (DMA) provides for an integrated and coordinated disaster management policy in South Africa that focuses on preventing and reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post-disaster recovery. It regulates establishing national, provincial, and municipal disaster management centres.

### **7.1.10 Preferential Procurement Policy Framework Act, 2000 (Act No 05 of 2000)**

The Preferential Procurement Policy Framework Act, 2000 (Act No. 05 of 2000) (PPPFA) gives effect to Section 217 (3) and provides a framework for implementing the procurement policy contemplated in Section 217 (2) of the Constitution.

### **7.1.11 Skills Development Act, 1998 (Act No 97 of 1998)**

The Skills Development Act, 1998 (Act No. 97 of 1998) (SDA) provides an institutional framework to devise and implement national, sector, and workplace strategies to develop and improve the skills of the South African workforce.

### **7.1.12 Employment Equity Act, 1998 (Act No 55 of 1998)**

The Employment Equity Act, 1998 (Act No. 55 of 1998) serves as a mechanism to redress the effects of unfair discrimination and to assist in the transformation of workplaces to reflect a diverse and broadly representative workforce.

### **7.1.13 Intergovernmental Relations Framework Act, 2005 (Act No 13 of 2005) (IRFA)**

Establishes a framework for national, provincial, and local governments to promote and facilitate intergovernmental relations and provide a mechanism and procedure for settling intergovernmental disputes.

## **7.2 POLICY MANDATES**

Several national health and development policies significantly influence the way the OHSC interprets and implements its mandate. Such policies are, in some cases, aligned with regional and global health and developmental imperatives.

### **7.2.1 National Health Insurance Act, 2023 (Act No 20 of 2023)**

In pursuit of Universal Health Coverage, the South African government has embarked on a fundamental transformation of the health system. Its chosen approach is the National Health Insurance (NHI) Fund. The NHI is a centralised, national insurance fund from which the government will buy healthcare services from healthcare providers in both public and private sectors. All eligible South African residents, as defined in the NHI Act, will be able to visit these providers whenever they need healthcare, without any payment. The NHI will make healthcare more affordable, by reducing the cost of healthcare due to the economies of scale that can be achieved by purchasing healthcare for the entire population.

NHI Act, 2023 Section 39(2)(b) states that in order to be accredited by the Fund, a health care service provider or health establishment, as the case may be, must be in possession of and produce proof of certification by the OHSC. Section 39(12) states that the Fund may grant conditional accreditation to a health care service provider or health establishment as prescribed by the Minister after consultation with the OHSC.

For the OHSC to fulfill its role as prescribed in implementing the NHI, increasing the OHSC compliance inspection coverage in the healthcare sector is imperative. It is also vital to note that the OHSC's importance lies not only in its role under the NHI but also in the overall improvement of healthcare quality in South Africa as it relates to healthcare establishments.

## 7.2.2 National Development Plan

The National Development Plan 2030 (NDP) asserts that a health system with positive health outcomes for the country is possible and will:

- Raise the life expectancy of South Africans to at least 70 years;
- Ensure that the under-20s generation is largely free of HIV;
- Significantly reduce the burden of disease; and
- Achieve an infant mortality rate of fewer than 20 deaths per thousand live births and under-5 mortality rate of fewer than 30 per thousand.

Priority 2 in Chapter 10 focuses on strengthening the healthcare system and recognises the OHSC as an independent entity mandated to promote quality by measuring, benchmarking, and accrediting performance against quality standards. A specific OHSC focus is achieving common basic standards in the public and private sectors.

## 7.2.3 Medium-Term Strategic Framework 2019 – 2024

The Medium-Term Strategic Framework (MTSF) aims to outline the government's strategic intent in implementing its electoral mandate and the vision of the NDP. The current MTSF aims to address unemployment, inequality, and poverty. Its approach features three main pillars: achieving a more capable state, driving a strong and inclusive economy, and building the capabilities of South Africans. Education, skills, and health are grouped as a strategic priority.

## 7.2.4 National Policy on Quality in Healthcare

The National Policy on Quality in Healthcare, adopted in 2001 and revised in 2007, identifies mechanisms to improve the quality of healthcare in the public and private sector and highlights the need to involve health professionals, communities, patients, and the broader healthcare delivery system in capacity-building efforts and quality initiatives.

The objectives of the policy are to:

- Improve access to quality healthcare;
- Increase patients' participation and the dignity afforded to them;
- Reduce underlying causes of illness, injury and disability;
- Expand research and produce evidence of effectiveness of treatments suited to South African needs;
- Ensure the appropriate use of services; and
- Reduce errors in healthcare.

## 7.2.5 Batho Pele and the Patients' Rights Charter

The *Batho Pele* principles govern all public services and seek to put "people first" by encouraging a service-oriented culture among public servants. The *Batho Pele* principles are:

- Regular consultation with service users;
- Setting of service standards;
- Increasing access to services;
- Ensuring higher levels of courtesy;
- Providing more and better information about services;
- Increasing transparency about services;
- Remediating failures and mistakes; and
- Giving the best possible value for money.

The complementary Patient's Rights Charter lists a range of rights, including confidential care, provision of information about one's health condition, informed choice regarding treatment, continuity of care, and having service complaints addressed.

### **7.2.6 Presidential Health Summit Compact**

The Presidential Health Summit Compact of 2018 states that regulation “plays a crucial role in establishing the rules within which professionals and organisations must operate within a more people-centered and integrated health system.” The Presidential Health Summit recommended a full review of legislation on health, new governance and administrative structures to improve quality, transparency, accountability, and efficiency in public and private health sectors. It also proposed the Office of the Health Ombud to be separated from the OHSC to ensure its independence, transparency, and good governance. The process of drafting the Health Ombud Bill is underway, as is the development of a separate OHSC Bill, which would remove the functions of the OHSC from chapter 10 of the NHAA.

### **7.2.7 United Nations Sustainable Development Goals**

The interlinked Sustainable Development Goals (SDGs) are driven by the vision of ending global poverty, protecting the planet, and ensuring that humanity enjoys peace, prosperity, and a sustainable future. The agenda appreciates that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development.

### **7.2.8 African Union Agenda 2063**

African Union Agenda 2063 envisages an integrated, peaceful continent where prosperity is achieved through inclusive growth and sustainable development, and human rights and democratic practices are observed. It recognises that the health and nutrition of the population contribute to growth and that capable institutions are necessary to build a rights-based culture.

### **7.2.9 Sendai Framework for Disaster Risk Reduction**

The Sendai Framework is a non-binding voluntary framework adopted at a global UN conference in 2015. It aims to enhance countries' disaster preparedness, resilience, and recovery and reduce loss of life, livelihoods, health, and social assets.

## **7.3 Other Related Legislations**

Due to the complex environment within which OHSC operates, it is necessary to list a series of related legislation impacting on and influencing its functioning:

### **7.3.1 Medical Schemes Act, 1998 (Act No. 131 of 1998)**

Regulates the medical schemes industry. Establishes and governs the work of the Council for Medical Schemes (CMS).

### **7.3.2 Medicines and Related Substances Act, 1965 (Act No. 101 of 1965), As Amended**

Regulates the manufacture, importation, and distribution of medicines and other health products to ensure safety, quality, and efficacy and provides for pricing transparency. Establishes and defines the mandate of the South African Health Products Regulatory Authority (SAHPRA).

### **7.3.3 National Health Laboratory Service Act (Act No 37 of 2000)**

Provides the mandate for the National Health Laboratory Service, which is a supplier of laboratory services to the public health sector.

### **7.3.4 Health Professions Act (Act No 56 of 1974)**

Regulates medical practitioners, dentists, psychologists, and other health professionals through the Health Professions Council of South Africa.

### **7.3.5 Pharmacy Act (Act No 53 of 1974)**

Regulates the pharmacy profession through the Pharmacy Council of South Africa.

### **7.3.6 Nursing Act (Act No 33 of 2005)**

Regulates the nursing profession through the Nursing Council of South Africa.

### **7.3.7 Allied Health Professions Act (No 63 of 1982)**

Regulates health practitioners such as chiropractors, homeopaths and others through the Allied Health Professions Council of South Africa.

### **7.3.8 Dental Technicians Act (Act No 19 of 1979)**

Regulates dental technicians by establishing the South African Dental Technicians Council (SADTC).

### **7.3.9 Hazardous Substances Act (Act No 15 of 1973)**

Controls the import, manufacture, sale, use, and disposal of hazardous substances, particularly those that emit radiation.

### **7.3.10 Foodstuffs, Cosmetics and Disinfectants Act (Act No 54 of 1972)**

Regulates foodstuffs, cosmetics, and disinfectants and sets quality and safety standards for manufacturing, importation, and sale.

### **7.3.11 Occupational Diseases in Mines and Works Act (Act No 78 of 1973)**

Provides for medical examination of persons who might have contracted occupational diseases, especially while working in the mining sector, and for relevant compensation.

### **7.3.12 Occupational Health and Safety Act (Act No 85 of 1993)**

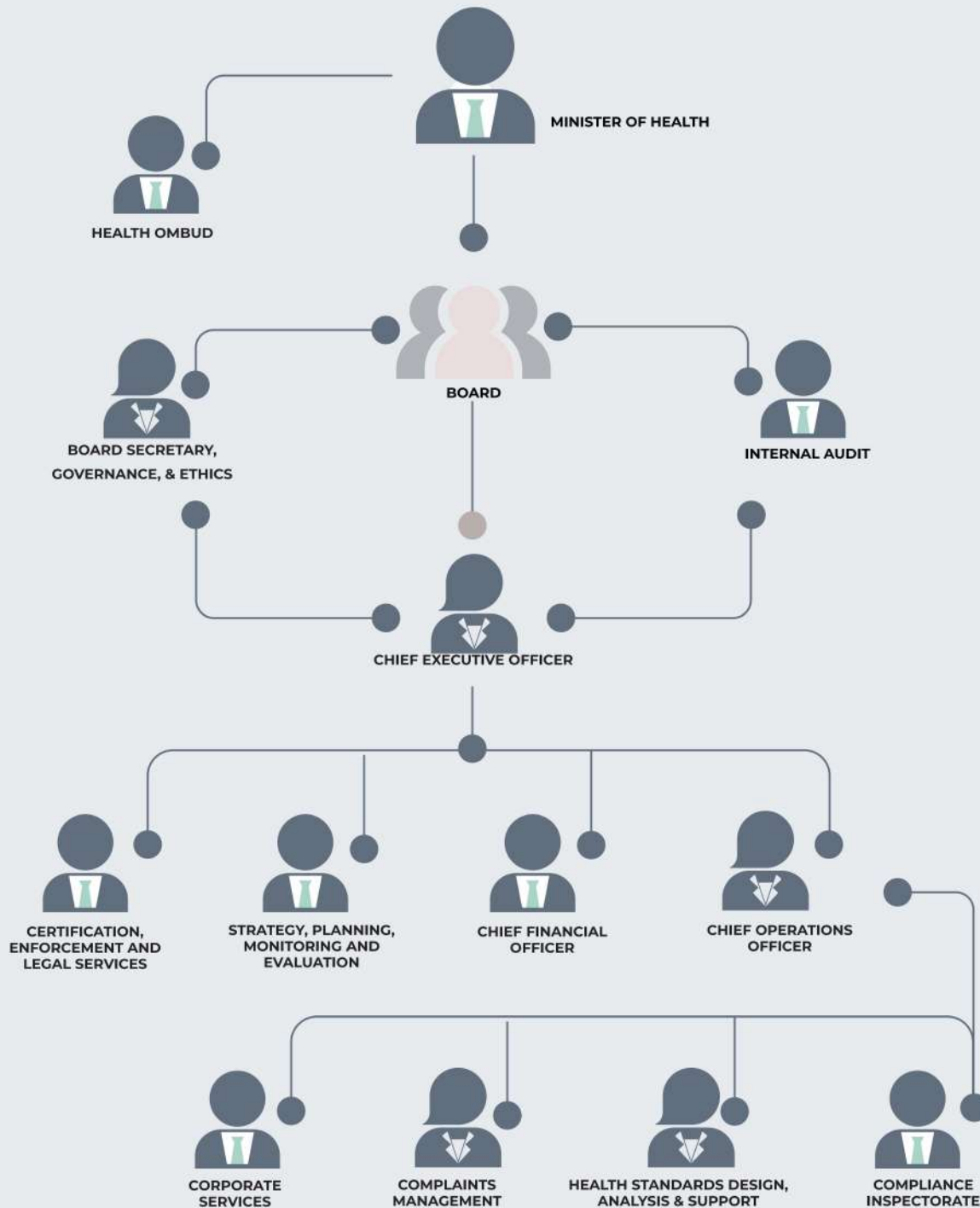
Protects the health and safety of persons at work and other persons exposed to health and safety hazards related to activities of persons at work.

### **7.3.13 Labour Relations Act (Act No 66 of 1995)**

It affects the constitutional right of employees and employers to fair labour practices.

## 8. ORGANISATIONAL STRUCTURE

The Board approved the current operational structure of the OHSC. The OHSC underwent an organisational development and design process where the structure has been adjusted to ensure it remains relevant and appropriate to organisational requirements. The organisational structure of the OHSC has, therefore, been designed according to the design principles of consistency, continuity, accountability, flexibility, and efficiency. The OHSC strives to ensure that it has the right people, with the right skills and competencies available at the right time, at the appropriate level to deliver on its mandate.







# PART B:

PERFORMANCE INFORMATION



## 9. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit opinion. The audit opinion on the performance against predetermined objectives is included in the management report, with no material findings on the reported performance information.

Refer to page 84 of the Auditor's Report, published as **Part F: Financial Information**.

## 10. OVERVIEW OF PERFORMANCE

### 10.1. Service Delivery Environment

The OHSC presents the overall progress made in implementing the 2023/24 Annual Performance Plan (APP). As a Schedule 3A public entity, the OHSC is mandated to monitor and enforce compliance by health establishments with norms and standards prescribed by the Minister and to ensure consideration, investigation, and disposal of complaints relating to non-compliance with prescribed norms and standards for health establishments in a procedurally fair, economical, and expeditious manner. The OHSC's mandate encompasses all categories of health establishments in South Africa.

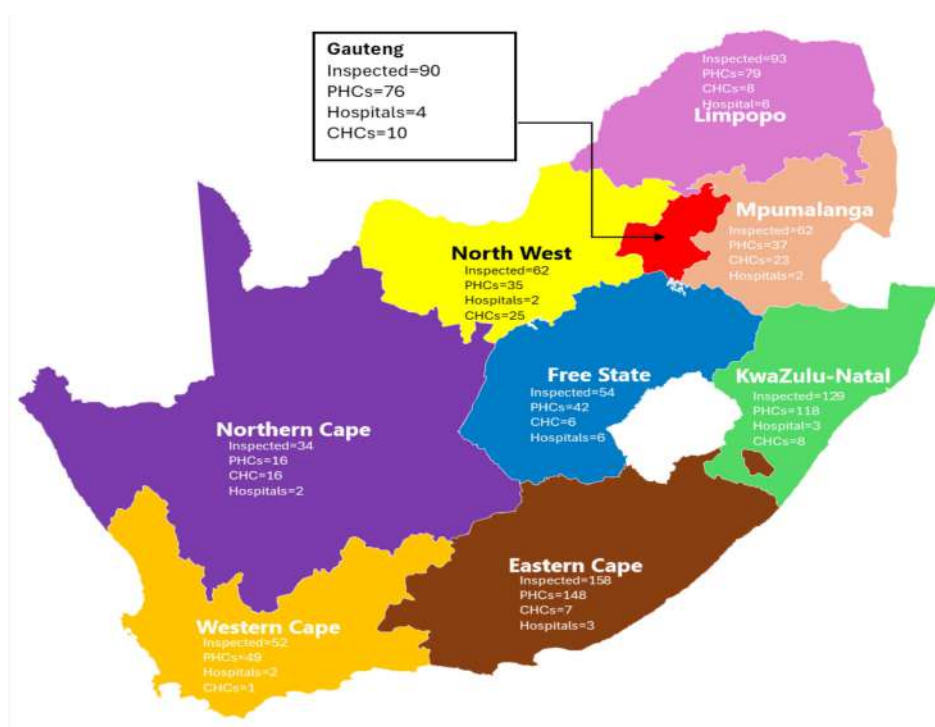
During the period under review, 23 output indicators were monitored and reported. The OHSC achieved sixteen (16) of the 23 output indicators. This translates to a service delivery performance of 69.6% (16/23) for the period under review. Notably, core programmes contributed to 62.5% (10 out of 16) of the achieved indicators while support programmes accounted for 37.5% (6 out of 16) of the achieved indicators.

The OHSC continued to develop different inspection tools for the various categories of health establishments following a consultative process that involves key stakeholders, including the relevant health establishments in that category. The inspection tools are pilot-tested, and the inputs of health establishments are considered before finalisation and approval. By the time the tools are used for inspections, the health establishments have access to and have been orientated to the final complete inspection tools. The approach adopted by the OHSC in the development of inspection tools is incremental through the different and various levels of care. In the year 2023/24, OHSC developed and finalised the Central Hospital (VI) and Provincial Tertiary Hospital inspection tools (VI). Additionally, annual updates on the Clinic inspection tool (VI.4.1), Community Health Centre tool (VI.3.1), District hospital inspection tool (VI.4), Regional hospital inspection tool (VI.4), and the Private acute hospital inspection tool (VI.2.1) were conducted. The inspection tools for Central and Provincial Tertiary Hospitals underwent pilot testing, and inputs from health establishments were considered and incorporated. To this extent, there are certain categories of health establishments, particularly for specialised health services for which inspection tools will only be finalised once the standards have been developed. The OHSC continued to embark on reviewing the norms and standards regulations which are critical and play a central role in the functioning of the office as a healthcare quality assurance regulator.

During the period under review, the Office compiled three recommendation reports and submitted them to the relevant authorities. These reports included one Eastern Cape Province recommendations report for the inspected District Hospitals in the Oliver Tambo and Alfred Nzo Districts, one National Annual Returns recommendation report and one National Early Warning System (EWS) recommendation report.

The Annual Returns information analysis provides a critical health systems context within which the hospitals operate given the various health system's inputs and their impact on the quality of healthcare services and health system performance. Furthermore, the analysis attempts to identify factors that could either enable or hamper compliance with norms and standards regulations and ultimately the delivery of quality healthcare services. The EWS is a surveillance system used to collect information on 11 indicators and is used as part of monitoring risks related to breaches of the norms and standards regulations. It provides an overview of risk incidents that were either reported to the OHSC by health establishments or identified through other sources such as media reports. The purpose of the Eastern Cape Province report was to identify and highlight gaps related to the prescribed norms and standards regulations identified in 12 inspected, non-compliant district hospitals in the Eastern Cape Province and make recommendations to the relevant authorities.

The OHSC conducts routine compliance inspections and re-inspections in different categories of health establishments both in public and private sector health establishments. This function aligns with the broader mandate of the OHSC to monitor compliance with established norms and standards. The inspections were conducted in different categories of health establishments including primary health care (PHC), community health centres (CHCs), district and regional hospitals. Inspection coverage is gradually picking up with encouraging signs of improvement in compliance rates. There have been substantive changes within the OHSC to ramp efficiencies by reconfiguring the processes and exploring other methods of conducting inspections and providing feedback timeously to health establishments post inspections. A total of 734 routine inspections were conducted in the public sector across different levels of care. The figure below illustrates the total number of routine inspections conducted in the public sector.



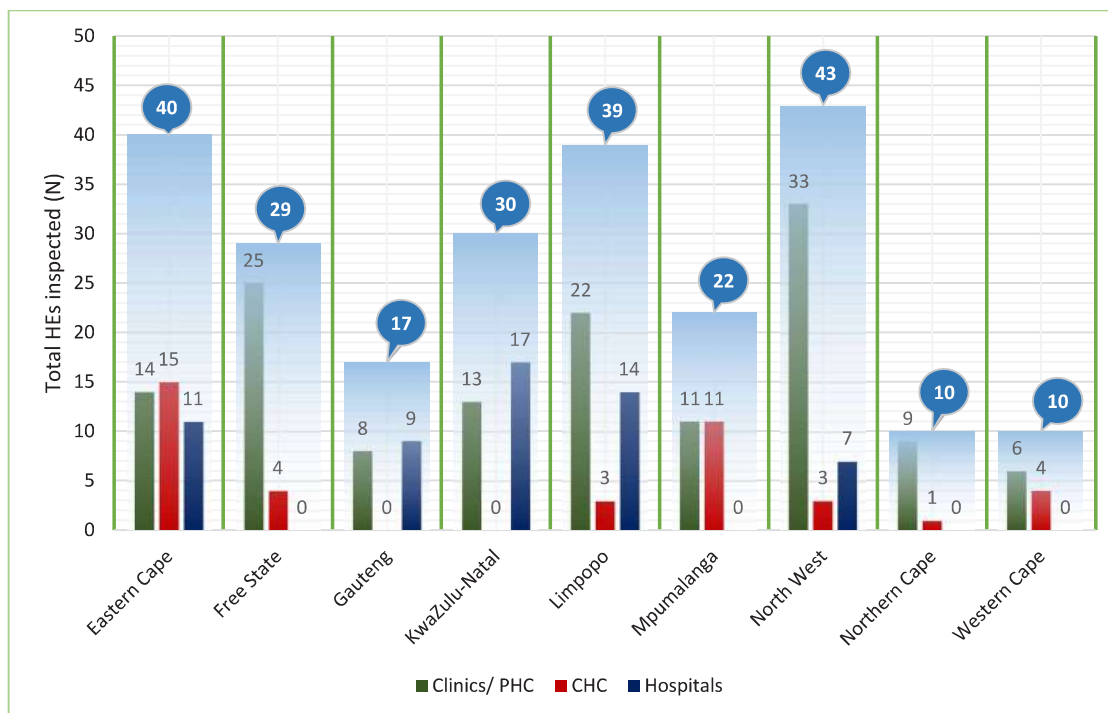
**Figure 1: Distribution of inspected health establishments by province**

During the period under review, a total of 60 private health establishments were inspected across all nine provinces in the country and different private sector hospital groups. The table below shows the total number of private health establishments inspected per provincial hospital group.

**Table 1: Total private healthcare routine inspections conducted by the OHSC per province, 2023/24 financial year.**

Province	Clinix	Life Healthcare	Mediclinic	Netcare	National Hospital Network	Grand Total
Eastern Cape		1		1	1	3
Free State			1	1	4	6
Gauteng	1	2	1	3	5	12
KwaZulu-Natal		1		8	8	17
Limpopo			1		1	2
Mpumalanga		1	1		2	4
North West	1	1		1	2	5
Northern Cape			1		1	2
Western Cape		2	2	3	2	9
<b>Grand Total</b>	<b>2</b>	<b>8</b>	<b>7</b>	<b>17</b>	<b>26</b>	<b>60</b>

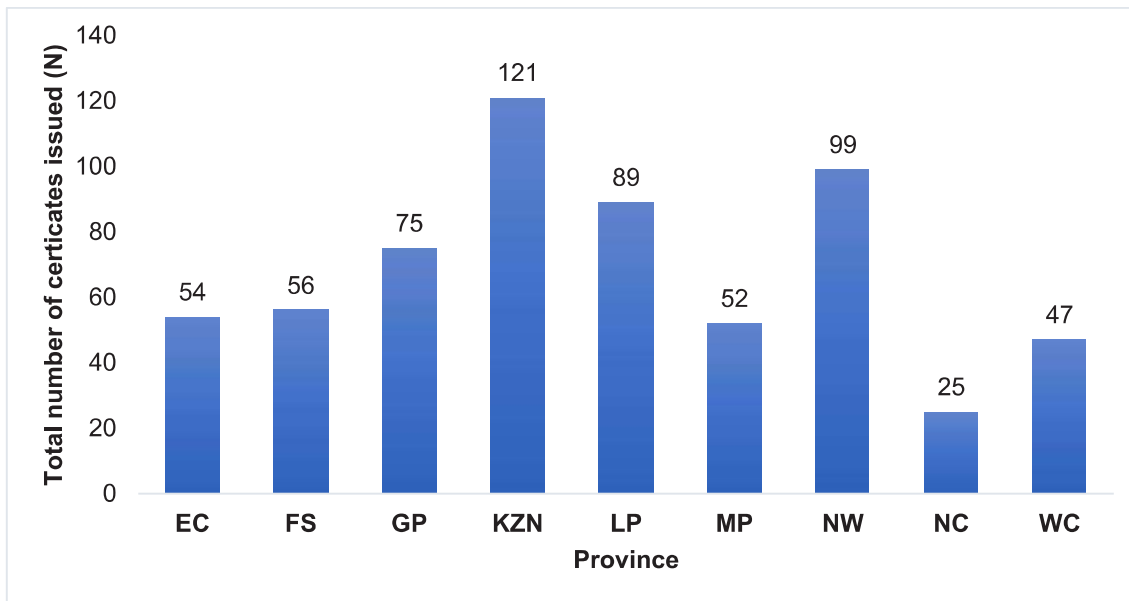
In addition to routine inspections, re-inspections of health establishments that were previously non-compliant were conducted. A re-inspection is conducted to verify whether non-compliance has been remedied. A total of 240 re-inspections were conducted. Of the 240 re-inspections, five were from the private sector. The figure below shows the total number of public health establishments inspected by health establishment type per province.



**Figure 2: Number of public health establishments inspected by health establishment type per province.**

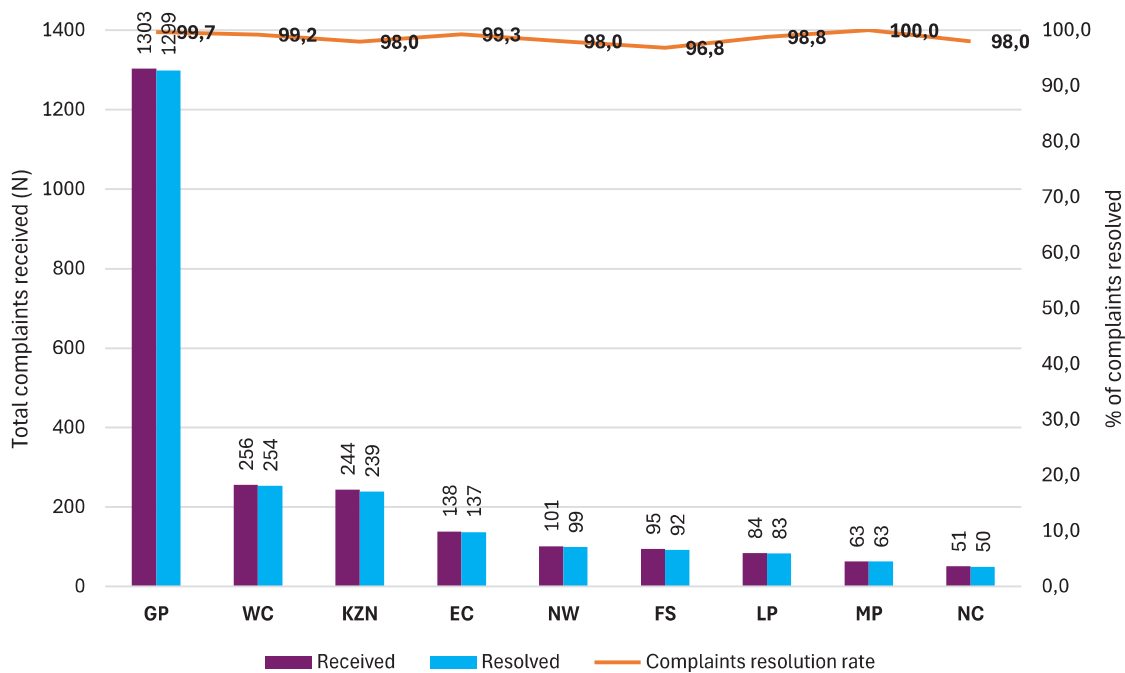
Following the completion of inspections, the findings of each health establishment are subjected to interpretation through a Compliance Status Framework (CSF) to determine the compliance status outcome. The ultimate inspection outcome of any inspected health establishment can either be compliant or non-compliant. Health establishments that attain compliant status with the norms and standards regulations are issued Compliance certificates and those that attain a non-compliant status are issued with Compliance Notices. The compliance notices were sent out to non-compliant health establishments, indicating the steps to be taken to achieve the required service standards and timeframes for such improvements.

Health establishments are certified when they meet the minimum compliance requirements against the regulated norms and standards and enforcement actions are taken against health establishments that were re-inspected and were found to be non-compliant with the norms and standard regulations. During the period under review, a total of 618 health establishments were certified as compliant. Of the 618 certified health establishments, 501 were from routine inspections and 117 were from re-inspections. Enforcement actions were taken against health establishments that were found to be persistently non-compliant with the regulated norms and standards after a re-inspection. As part of the enforcement action, health establishments are issued with written warnings. A total of 45 health establishments found to be non-compliant after a re-inspection were issued with written warning letters. The bi-annual reports on certification and enforcement action taken were published on the OHSC website. The graph below indicates the certified health establishments per province.



**Figure 3: Total number of certifications issued per province, financial year 2023/24**

The OHSC is mandated to consider, investigate and dispose of complaints leading to breaches of the prescribed norms and standards in a fair, economical, and expeditious manner. The complaints are risk-rated as low, medium, high, and extreme, and all complaints that receive a high and extremely high-risk rating are referred for investigation. In the financial year 2023/24, Office of the Health Ombud (OHO) facilitated the resolution of 96.6% (2308/2389) of low-risk complaints within 25 working days of lodgment in the call centre and 54% (34/63) of medium-risk complaints were resolved within 30 working days through assessment after receipt of a response from the complainant and/or the health establishment and investigated a total of 44 complaints. The resolution rate of low-risk complaints was above 95% in all provinces. The figure below indicates the total number of low-risk complaints received and resolved per province.



**Figure 4: The number of low complaints received and resolved per Province, financial year 2023/24**

## Challenges encountered by OHSC during the FY 2023/24

The OHSC, constrained by its current resources and centralised inspection model, is unable to inspect the required number of health establishments to meet its mandate. There is increased pressure for OHSC to expand inspection coverage and certification of different categories of health establishments before they receive accreditation from the NHI fund. Natural disasters also disrupted the operations of the office. In provinces such as Eastern Cape and KwaZulu-Natal, natural disasters have hindered access to clinics by damaged road infrastructure and, in some cases, caused damage to health establishments scheduled for inspections. There have been repeated visits to these areas to ensure that the affected health establishments were inspected. There is also a concern related to health establishments' failure to provide evidence addressing areas of non-compliance after receiving preliminary inspection reports.

The OHSC is currently engaged in efforts to decentralise its inspection function. However, additional funding is urgently needed to execute a decentralised operational model. The funding is needed to enhance OHSC's capacity to expand inspections and certify compliant health establishments. The OHSC also requires additional technical capacity to develop specialised inspection tools. Fulfilling this mandate depends entirely on revising the current funding model to ensure adequacy. This entails allocating resources to recruit adequate human capital and facilitating OHSC regulatory functions' expansion across all provinces.

The persistent challenge of filling vacant posts within four months remains attributed to various external factors. These factors include difficulties in finding suitable candidates in the first round of recruitment due to the technical nature of the work of the OHSC which requires specialised technical skills. The moratorium on filling of vacant positions was introduced by National Treasury in the middle of the year also led to temporary delays in recruitment processes.

During the period under review, human and financial resource limitations posed significant challenges. Consequently, numerous contract positions could not be filled on a permanent basis. The organisation continued to function with a limited number of resources across all units. The goal of the OHSC is not only to inspect but to certify compliant health establishments and to achieve an environment of health service delivery that ensures safe and quality health care. To achieve this goal, the OHSC requires more resources in several areas.

## 10.2. Organisational environment

The OHSC has actively pursued the filling of vacant and funded posts for the year under review to ensure that units have the necessary staff to carry out operations of its mandate. During the period under review, 132 posts were funded, with a total 126 posts filled as of 31 March 2024. This equates to 95.45% of funded posts being filled. Out of the 126 posts filled, 47% (8/17) are women in Senior Management Services (SMS). Out of the total positions, the youth comprised of 13,5% (17/126) and people with disability comprised with 0.8% (1/126). The OHSC significantly improved the vacancy rate and surpassed the target of 6% and was able to reduce the vacancy rate to 4.55%. The decrease in vacancy rate had a favourable impact on the overall operations of the organisation, it assisted in ensuring that units were resourced within available funds.

An Employee Wellness Programme is in place to ensure the well-being of employees. To protect and preserve employee confidentiality, the Employee Wellness Programme is managed by an appointed external service provider. The programme included four health talks, two health risk assessments and therapy sessions for employees who required those services. Employee health risk assessments were carried out as part of the Employee Wellness Programme during the year under review. These health risk assessments included checking employees' blood pressure, glucose level, cholesterol level, human immunodeficiency virus (HIV) tests as well as body mass index (BMI).

OHSC capacitates its employees to enhance productivity. A consolidated workplace skills plan was developed and implemented with the objective of capacitating employees. As a result, a significant number of staff participated in the training programmes. Of the 126 employees, 93 attended training during the period under review which equates to 73.80%.

The OHSC has a performance management system in place to monitor employees' performance and outputs. The purpose of this system is to ensure that personnel are clear and focused on their roles, allowing the organisation to fulfil its strategic goals.

During the period under review, the OHSC continued to implement the Internal audit charter which requires the Internal Audit function to provide written assessment of the effectiveness of the OHSC's governance, system of internal controls, performance and risk management to the OHSC Board.

The OHSC has a risk management policy and strategy that requires management to undertake periodic risk assessments to determine the OHSC risk management effectiveness and identify new and emerging risks. A strategic risk assessment was carried out, which resulted in the development and updating of the current operational and strategic risk register. Major strategic risks facing the OHSC were identified, together with controls and mitigation strategies.

The Information, Communication and Technology (ICT) systems were operating efficiently due to close monitoring of existing systems by the OHSC. An average of 99.97% uptime and availability of the core services and support applications during the period under review. ICT strategy was implemented focusing on optimisation of core systems such as electronic inspection system, annual returns, early warning system, complaints management system and the development of self-assessment and dashboard.

The OHSC continued to raise awareness among key stakeholders on its role and powers. The organisation embarked on roadshows and community radio campaigns in all provinces. Twenty-five (25) community stakeholder engagements to raise public awareness on the role and powers of the OHSC and Health Ombud were conducted. This includes media interviews from various media houses, newspaper and radio interviews by the Chief Executive Officer (CEO) and the Health Ombud. Twelve (12) private sector engagements to raise awareness on the role and powers of the OHSC and Health Ombud were also conducted. The roadshows were held to educate stakeholders on the importance of inspections, certification and enforcements processes and service requirements as embodied in the requirements for participation in the NHI Fund and overall quality improvement. Information on the newly developed inspection tool for General Practices (GPs) was packaged and shared through the OHSC digital platforms (LinkedIn, Facebook, Instagram, and Twitter).

OHSC continued to operate in a legally compliant and transparent manner. During the period under review, the Compliance Charter and Framework were amended to incorporate more emphasis on protecting personal information; the compliance and information questionnaires were circulated for completion. All Board and Board sub-committee meetings were held as per the Board calendar. Additional special meetings were held to address issues that required the Board's intervention.

The Standard Operating Procedures (SOP) for soliciting Legal Opinions and Legal Proceedings were developed, formalising the internal governance in legal services. The OHSC communicated and followed up recommendations of the Health Ombud in all reports formally released by the Health Ombud to monitor implementation of the Health Ombud's recommendations.

## Key policy developments and legislative changes

There were no policy developments or changes to legislation that may have affected the operations of the OHSC.

### 10.3. Progress towards achievement of institutional Impacts and Outcomes

Impact	Safe and quality healthcare services	
2019–24 Medium-Term Strategic Framework Goals	OHSC Outcome	Progress
Goal 2: Achieve UHC by implementing NHI	A fully functional OHSC	Based on the achievements of the past four years, the OHSC is on track towards meeting the five-year targets. The office has successfully achieved its five-year target of engaging with both private and public stakeholders to increase awareness about the work of the office. These efforts are vital in raising the role and powers of the OHSC and the Health Ombud. The OHSC has consistently achieved an unqualified audit opinion in the previous four years, demonstrating good governance. Good governance is essential for achieving high-quality UHC.
	Compliance with norms and standards is effectively monitored	<p>OHSC plays a crucial role in the implementation of NHI by conducting inspections of health establishments to ensure compliance with the regulated norms and standards. Through the OHSC's outcome of effectively monitoring compliance with norms and standards, the office has a critical role in the implementation of NHI. OHSC certification is a prerequisite for participation in the NHI fund. The OHSC recommends corrective actions where non-compliance is identified as outlined in the compliance notices. As a result, the office contributes to improvements in the quality and provision of care (Goal 3).</p> <p>Since the financial year 2020/2021, the OHSC has inspected a total of 2 446 out of 3 741 (65.38%) of all public sector health establishments. The OHSC started with private sector inspections in the FY 2022/23 and to date, 111 out of 526 (21.10%) private health establishments were inspected. From 2020/2021 to date, the OHSC re-inspected a total of 565 health establishments. Of the five hundred 565 conducted re-inspections, five (5) were from the private sector.</p>
Goal 3: Quality improvement in the Provision of care	Improved quality of healthcare services rendered to users of health establishments	The cumulative number of low-risk complaints resolved by OHSC stands at 90.56% (9644/10649). The OHO resolved 54.0% (34/63) of medium-risk complaints received from the public within the turn-around time set in the Annual Performance Plan for 2023/24. The clearance of the backlog of high-risk complaints remained a priority, and as of 31 March 2024, the backlog was at 132.
	Facilitate the achievement of compliance with the norms and standards regulations for different categories of health establishments	<p>The OHSC facilitates compliance of health establishments with norms and standards regulations through several activities which include the development of inspection tools and the provision of guidance workshops and training. Since the financial year 2020/21, 98 guidance workshops have been conducted and 12 recommendations reports were submitted to relevant authorities. The reports included four on the early warning system, four on annual returns, and four on the review of norms and standards.</p> <p>A total of seven regulatory inspection tools, namely Primary Health Care (PHC), Community Health Centre (CHC), District Hospital, Regional Hospital, Central Hospital, Provincial Tertiary Hospital and Private Hospital tools were developed since 2020/21.</p>



Impact	Safe and quality healthcare services	
2019–24 Medium-Term Strategic Framework Goals	OHSC Outcome	Progress
	Compliance with norms and standards is increased	<p>The OHSC plays a crucial role in ensuring that health establishments adhere to regulated norms and standards. By measuring compliance with these norms and standards, the OHSC aims to uphold and enhance the quality of healthcare services provided to the public. The OHSC issues compliance certificates to all health establishments that met the minimum compliance requirements.</p> <p>Issuing compliance certificates to eligible inspected health establishments significantly contributes to the readiness of such health establishments for participation in the National Health Insurance Fund upon its rollout. Since the financial year 2020/2021, the OHSC has certified 1091 health establishments of which 1008 (92.39%) were certified within 15 days. The number of compliant health establishments has steadily increased with the highest percentage certified during the current review period.</p> <p>The OHSC initiated enforcement action against health establishments that were found to be non-compliant following re-inspections. Enforcement action taken against health establishments is through issuing of a written warning. To date, a total of 168 health establishments have been issued with written warnings following the final re-inspection report and a recommendation by an inspector.</p>

## 11. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The non-achieved output indicators are indicated below:

Programme	Status
<p><b>Programme 1: Administration</b></p> <p><b>Sub-programme: Human Resources Management</b></p> <p>1.1.1 Percentage of vacancies filled within four months of the vacancy existing.</p> <p>1.2.1 Percentage of certified inspectors after completion of training</p>	Targets not achieved
<p><b>Programme 2: Compliance Inspectorate</b></p> <p>2.1.2 Percentage of private establishments inspected for compliance with the norms and standards.</p> <p>2.2.1 Percentage of additional inspection (re-inspection) conducted in public and private health establishments that have completed the regulated reporting period where non-compliance was identified.</p> <p>2.3.2 Number of annual reports that set out the compliance status of all health establishments and summarise the number and nature of the compliance notices issued published.</p>	Targets not achieved
<p><b>Programme 3: Complaints Management and Office of the Ombud</b></p> <p>3.2.1 Percentage of user complaints resolved through assessment within 30 working days of receipt of a response from the complainant and/or the health establishment.</p>	Target not achieved
<p><b>Programme 5: Certification and Enforcement</b></p> <p>5.1.1 Percentage of health establishments issued with a certificate of compliance within 15 days from the date of the final inspection report and a recommendation by an Inspector.</p>	Target not achieved

PROGRAMME 1: ADMINISTRATION



Vacancy rate



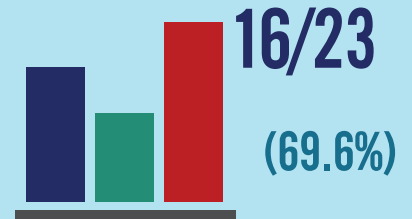
4,55%  
(6/132)

Expenditure

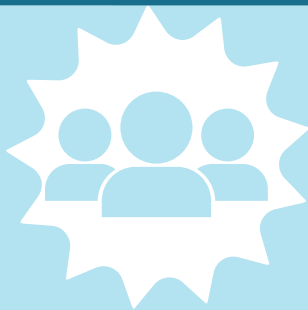
R183,892,113



Performance



Information and Communication Technology



Percentage of ICT availability for core OHSC services = 99.97%

Communication and Stakeholder Relations



Total = 37

Number of community stakeholder engagements to raise public awareness on the role and powers of the OHSC and Health Ombud = 25

Number of private sector engagements to raise awareness on the role and powers of the OHSC and Health Ombud = 12

## 11.1. PROGRAMME 1: ADMINISTRATION

To provide the leadership and administrative support necessary for the OHSC to deliver on its mandate and comply with all relevant legislative requirements.

### Sub-programmes

Key corporate functions are fulfilled through the following sub-programmes:

- Sub-programme 1.1: Human Resources Management
- Sub-programme 1.2: Finance and Supply Chain Management
- Sub-programme 1.3: Information and Communication Technology
- Sub-programme 1.4: Communication and Stakeholder Relations

### Sub-programme: Human Resources Management

The Human Resources Management unit provides integrated human resource services to ensure that the OHSC achieves its strategic objectives by creating a conducive harmonious working environment. To give effect to this, the unit recruits, develops and seeks to retain skilled employees. The unit also deals with all other facets of HR including labour relations matters, performance management, service benefits, skills development and training, employment equity and facility management.

### Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

The OHSC exceeded its target of a 6% vacancy rate, achieving a 4,55% vacancy rate which equates to six vacancies out of one hundred and thirty-two (132) funded posts. This reduction in vacancy rate, assisted the organisation in capacitating programmes to fulfil their functions.

During the period under review, 93 employees were offered training and development programmes which included short courses, workshops, seminars and conferences.

Employees enjoyed the benefits of a service provider who offered employee wellness assistance to them and their immediate family members. The services included counselling, therapy sessions, regular talks on pertinent topics as well as health and wellness screening days.

### Challenges encountered by the Human Resources Management during the FY 2023/24

Financial constraints have been a challenge over the past financial year, which resulted in a large number of contract posts which could not be filled on a permanent basis. The organisation continues to function with a limited number of staff.



Sub-programme: Human Resources Management							
Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target	Reasons for deviations
<b>Outcome</b>	<b>A fully functional OHSC</b>						
1.1 Vacancies filled within four months of the vacancy existing	1.1.1 Percentage of vacancies filled within four months of the vacancy existing	21.43% (3/14)	64.29% (9/14)	91%	70% 14/20 posts were filled within four months of becoming vacant.	-21%	The six posts were not filled within four months of becoming vacant. Some was due to the fact that they had to be readvertised. Furthermore, the moratorium on the filling of posts imposed by the National Treasury (NT) in the middle of the year delayed the filling of other posts.
	1.1.2: Percentage vacancy rate per year	-	4.65% (6/129)	6%	4,55% (6/132)	1.5%	Management continues to work hard at filling vacancies as quickly as possible, hence the target of 6% vacancy rate was exceeded.
1.2 Inspectors certified after completion of training	1.2.1 Percentage of certified inspectors after successful completion of training	95.24% (40/42)	0% (0/1)	95%	83,7% (36/43)	-11,3%	The training contract with the University of Fort Hare has expired. The OHSC has identified that internal inspectors training will be a more practical option.

### Strategy to overcome areas of underperformance

The organisation will continue to advertise posts as soon as a notice of resignation is received and will expedite the recruitment process whenever possible to meet the four-month target. With regards to the training of Inspectors, arrangements are already underway to do an in-house Inspector training programme which will be more cost-effective and can be conducted more frequently.

### Sub-programme: Information and Communication Technology

The purpose of the Information and Communication Technology (ICT) sub-programme is to provide and ensure infrastructure and systems are fully available for business to utilise effectively in achieving operational objectives.

The ICT programme undertakes long-term planning and provides day-to-day support across the OHSC with respect to ICT needs, services and systems. The ICT strategic plan guides the development and management of the ICT environment within the OHSC to contribute to effective service delivery and to meet a broad set of evolving organisational needs.

**Outcomes, Outputs, Output Indicators, Targets and Actual Achievement**

The OHSC managed to achieve an average of 99.97% uptime and availability of core and support applications during the period under review. This was made possible by conducting regular maintenance activities to address performance bottlenecks, and system stability. The organisation keeps the systems up to date with the latest technologies and best practices to maintain optimal performance and availability.

The implementation of redundancy and fault tolerance mechanisms at every level of the ICT infrastructure is a critical component in ensuring that systems are available in case of failures, therefore minimising downtime.

The OHSC continued to deploy robust monitoring tools and systems that provided real-time visibility into the health, performance, and availability of ICT resources. This was achieved through key metrics, such as system uptime, resource utilisation, and response times to proactively address any deviations or anomalies before they impact service availability.

**Challenges encountered by the ICT during the FY 2023/24**

The OHSC faced difficulties executing some ICT initiatives and could not procure key/certain technologies to improve operations due to austerity measures and subsequently impacted by staff leaving the OHSC which resulted in key projects being delayed from implementation.

Sub-programme: Information and Communication Technology							
Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target	Reasons for deviations
<b>Outcome</b>		<b>A fully functional OHSC</b>					
1.3 IT Service Availability	1.3.1 Percentage of ICT availability for core OHSC services	99.98%	99.82%	95%	99.97%	4.97%	The Information Technology systems are operating efficiently due to the close monitoring of existing systems, contracts with service providers and the level of automation that was implemented.
	1.3.2 Percentage of ICT availability for OHSC support services	99.96%	99.86%	95%	99.98%	4.98%	The Information Technology systems are operating efficiently due to the close monitoring of existing systems, contracts with service providers and the level of automation that was implemented.

## **Strategy to overcome areas of underperformance.**

All the ICT performance targets were met.

### **Sub-Programme: Communication and Stakeholder Relations**

**Communication and Stakeholder Relations** sub-programme aims to enhance understanding of the role and powers of the OHSC and Office of the Health Ombud (OHO) amongst stakeholders and the general populace through effective communication, stakeholder engagement, and partnership development.

### **Outcomes, Outputs, Output Indicators, Targets and Actual Achievement**

At the core of OHSC's role in ensuring quality and safety in healthcare, is the monitoring and enforcement of compliance at health establishments with the prescribed norms and standards, as well as ensuring that complaints about non-compliance with the norms and standards are considered, investigated, and disposed of in a procedurally fair, economical, and expeditious manner. The entity's programmes and services were outlined and supported through multiple communication platforms and approaches, including media, community, stakeholder engagements, digital media, conference participation, and exhibitions. Through these platforms, the OHSC continued to profile the implementation of its mandate in accordance with the National Health Amendment Act to protect and promote the health and safety of users of health services to advance the provision of quality and safety in healthcare.

The OHSC achieved its communication awareness targets by implementing various communication and stakeholder programmes. However, some initiatives were not executed due to the additional austerity measures imposed by the National Treasury during the reporting period.

During the period under review, the OHSC continued to intensify its communication and stakeholder engagement efforts nationwide and embarked on diverse communication and stakeholder engagements to ensure an improved understanding of its role and functions among health service users and health workers in the public and private health sector.

### **Community Engagements**

In assuring the delivery of the OHSC mandate, the office conducted 25 community engagements during this reporting period to create awareness and enhance the understanding of the role of a regulator in the quality of services. The OHSC collaborated with the Government Communications and Information Systems (GCIS) and engaged with various communities in Gauteng, Free State, and Western Cape provinces. The engagements provided a platform for members of the public to have easy access to the entity's information and two-way interaction with OHSC officials. Citizens were educated on the standards of care expected of various health establishments, the role of the OHSC, and how to leverage the powers of the OHSC to address lapses in quality of care.

### **Sector Engagements**

To enhance brand awareness, visibility and asserting strategic networks and relations the entity participated in sector conferences through exhibitions and interacted with industry stakeholders; professionals and other regulators in the health sector.

### **Media Engagements**

The OHSC embarked on media relations initiatives to build the credibility of the OHSC as the regulator of healthcare services, convey key messages on the entity's programmes and promote a positive image of the OHSC brand. Various mainstream media platforms were utilised to communicate and profile the OHSC and Office of the Health Ombud's programmes. The Office of the Health Ombud held a media briefing and interacted with media representatives during the release of the Motherwell NU11 Clinic investigation report in the Eastern Cape. Numerous interviews and engagements with other broadcast and print media houses were conducted to communicate relevant content concerning the entity's programmes and activities. Due to limited financial resources, the office could not procure bulk media buying.

## Digital Newsletter

To foster and communicate the entity's programmes, the OHSC continued to produce and publish a quarterly digital external newsletter, The Bulletin. The newsletter is targeted at health establishments and medical professionals.

## OHSC Social Media Platforms

Digital social media platforms continue to be integral for communicating and providing access to the OHSC and Office of the Health Ombud's programmes to the general populace. Noticeably, there has been a significant increase in followers on the entity's social media platforms, which can be attributed to the constant uploading of content relating to the entity's programmes that are extensively communicated.

## Challenges encountered by the Communication and Stakeholder Relations during the FY 2023/24

The OHSC faced difficulties executing some communication initiatives and could not procure bulk media buying due to additional austerity measures and limited resources.

Sub-programme: Communication and Stakeholder Relations							
Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target	Reasons for deviations
<b>Outcome</b>	<b>A fully functional OHSC</b>						
1.4 Awareness about the role and powers of the OHSC and Health Ombud is raised	1.4.1 Number of community stakeholder engagements to raise public awareness on the role and powers of the OHSC and Health Ombud	32	34	12	25	13	The target was exceeded due to requests for interviews to discuss the OHSC operations and to profile the work and functions of the Office of the Health Ombud and collaborations with other entities
	1.4.2 Number of private sector engagements to raise awareness on the role and powers of the OHSC and Health Ombud	9	17	8	12	4	The target was exceeded due to invitations to participate in conferences.

## Strategy to overcome areas of underperformance

None

## Sub-programme: Finance and Supply Chain Management

The OHSC is a public entity with a regulatory mandate in the health sector, where accountability and transparency are of paramount importance. It is crucial for the OHSC to demonstrate good governance and accountability by obtaining an unqualified audit in order to promote public trust in the OHSC and the way the OHSC conducts its affairs, both in financial governance and performance reporting.

## Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

For the year under review, the OHSC has once again achieved an unqualified audit opinion from the Auditor-General South Africa. The OHSC remains committed to good governance and accountability for the financial resources received from the national fiscus. Considering the recommendations from internal and external audits, the OHSC continued to improve its internal control environment by reviewing existing policies and continuous monitoring of implementation thereof.

In addition, the OHSC implements the National Treasury's prescripts as revised from time to time.

## Challenges encountered by the Finance and Supply Chain Management during the FY 2023/24

The OHSC continues to grow in size and scope of operations, which require increased support from the Finance and Supply Chain Management Unit. Similar to the entire organisation, the Finance and Supply Chain Management has limited human resources hampering the growth trajectory of the OHSC. The OHSC is exploring options for additional funding going into the future.

Sub-programme: Finance and Supply Chain Management							
Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target	Reasons for deviations
<b>Outcome</b>							
<b>A fully functional OHSC</b>							
1.5 Unqualified audit opinion achieved by the OHSC	1.5.1 Unqualified audit opinion achieved by the OHSC	Unqualified audit opinion achieved by the OHSC	Unqualified audit opinion achieved by the OHSC	Unqualified audit	Unqualified audit	None	None

## Strategy to overcome areas of underperformance.

None

## Linking performance with budgets

Programme	2023/2024			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
<b>Administration</b>	68,146,150	82,007,978	(13,861,828)	<b>64,680,005</b>	<b>76,769,260</b>	<b>(12,089,255)</b>

Over-expenditure for the Administration program was funded from the accumulated prior year surplus as approved by the National Treasury. The key aspects of the surplus funding related to the functioning of the ICT systems, as well as staff appointments on short term employment contracts. Included in the expenditure are depreciation and amortisation of capital assets.



**PROGRAMME 2:  
COMPLIANCE INSPECTORATE**



Percentage of public health establishments inspected for compliance with the norms and standards

**19.62%**  
(734/3741)

Percentage of private health establishments inspected for compliance with the norms and Standards

**11.4%** (60/526)

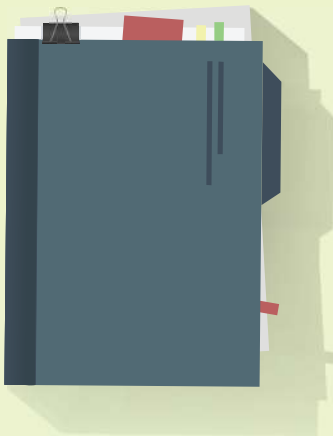
Percentage of additional inspections (re-inspections) conducted in public and private health establishments that have completed the regulated reporting period and where non-compliance was identified

**49.4%**  
(79/160)



Number of reports of inspections conducted with the names and location of the health establishments every six months published

Two Bi-annual reports were developed.



## 11.2. PROGRAMME 2: COMPLIANCE INSPECTORATE

The purpose of the Compliance Inspectorate is to manage the inspection of health establishments to assess their compliance with national norms and standards as prescribed by the Minister of Health.

The Compliance Inspectorate is responsible for conducting routine and additional inspections. Routine inspections are planned inspections, conducted as outlined in the Annual Inspection Strategy. Additional inspections comprise of risk-based, re-inspections as well as pilot inspections. Risk-based inspections are ad hoc, triggered by the early warning system (EWS) and media alerts while pilot inspections are conducted during the inspection tool development process in partnership with HSDAS (Programme 4). Re-inspections are conducted for all health establishments found to be non-compliant during routine inspections. Such an inspection is conducted to determine whether non-compliance has been remedied.

All health establishments found to be compliant are recommended for certification, while those found to be non-compliant are issued with a compliance notice. Health establishments that are found to be non-compliant after a re-inspection, are recommended for enforcement.

### Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

The OHSC inspected health establishments both in the private and public sectors as set out in the inspection strategy. The office inspected 734 public sector health establishments and exceeded the set target by 45. However, only 60 of 100 private sector health establishments were inspected under the same reporting period. Bi-annual inspection reports as per Regulation 31 of the Procedural Regulations were issued and published on the OHSC website. To achieve the target of hospital re-inspections, several meetings were held with hospital CEOs and provincial leadership. Through the reconfiguration project, the OHSC reviewed its processes to ensure that preliminary inspection reports are released within six days post-inspection, rather than the regulated time of 20 working days. Inspections of the private sector and re-inspection (public and private) processes were also reviewed which contributed to an increase in coverage. The office also successfully piloted the tertiary and academic hospital tools.

### Challenges encountered by the Compliance Inspectorate during the FY 2023/24

During this reporting period, the OHSC was unfortunately unable to renew the contracts of Persons Assisting Inspectors (PAIs) due to financial constraints. The PAIs were instrumental in increasing the inspection teams and inspection coverage. The unavailability of PAIs negatively affected the OHSC in achieving some of the compliance inspectorate targets.

There are unforeseen circumstances which impacted OHSC operations such as natural disasters and unfavourable weather conditions like floods. In provinces like the Eastern Cape and KwaZulu-Natal, torrential rains and floods damaged clinics and road infrastructure. Some of the affected health establishments were already earmarked and sampled for inspections. Some of the natural disasters occurred when the inspection teams were already in the provinces resulting in abandoning the inspections. This led to repeated trips to the same areas to ensure that those health establishments were inspected.



**Programme 2: Compliance Inspectorate**

Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target	Reasons for deviations
<b>Outcome</b>							
<b>Compliance with norms and standards is effectively monitored</b>							
2.1 Health establishments are inspected for compliance with the norms and standards	2.1.1 Percentage of public health establishments inspected for compliance with the norms and standards	14.54% (544/3 741)	20.8% (781/3741)	18.4% (689 /3 741)	19.62% (734/3741) Exceeded annual target by 1.22%.	+1.22% (45/3741)	Exceeded the target with 45 health establishments due to gained efficiencies by conducting back-back inspections
	2.1.2 Percentage of private health establishments inspected for compliance with the norms and Standards	Not applicable	11.8% (51/431)	19% (100/526)	11.4% (60/526)	-7.6% (40/526)	The target was not met due to reduced staffing levels.
2.2 Additional inspection is conducted in health establishments where non-compliance was identified	2.2.1 Percentage of additional inspections (re-inspection) conducted in public and private health establishments that have completed the regulated reporting period and where non-compliance was identified	99.5% (181/182)	100% (106/106)	100%	49.4% (79/160)	-50.6% (81/160)	The target was not met due to reduced staffing levels.
2.3 Regulated inspection reports are published	2.3.1 Number of reports of inspections conducted with the names and location of the health establishments every six months published	2	2	2	2 Two Bi-annual report were developed.	0	The reports were issued in line with Regulation 31 of the Procedural Regulations.  They were published on the OHSC's website and covers all inspected health establishments with the names and locations of health establishments

Programme 2: Compliance Inspectorate							
Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target	Reasons for deviations
<b>Outcome</b>	<b>Compliance with norms and standards is effectively monitored</b>						
2.3 Regulated inspection reports are published	2.3.2 Number of annual report that set out the compliance status of all health establishments and summarises the number and nature of the compliance notices issued published	1	0	1	0	-1	The last month of conducting inspections is March 2024.  Therefore, the final health establishment reports will only be released at the end of June 2024.  Report writing will commence once all the final health establishment inspection reports are released and data from all inspection's reports consolidated and analysed.

### Strategy to overcome areas of underperformance

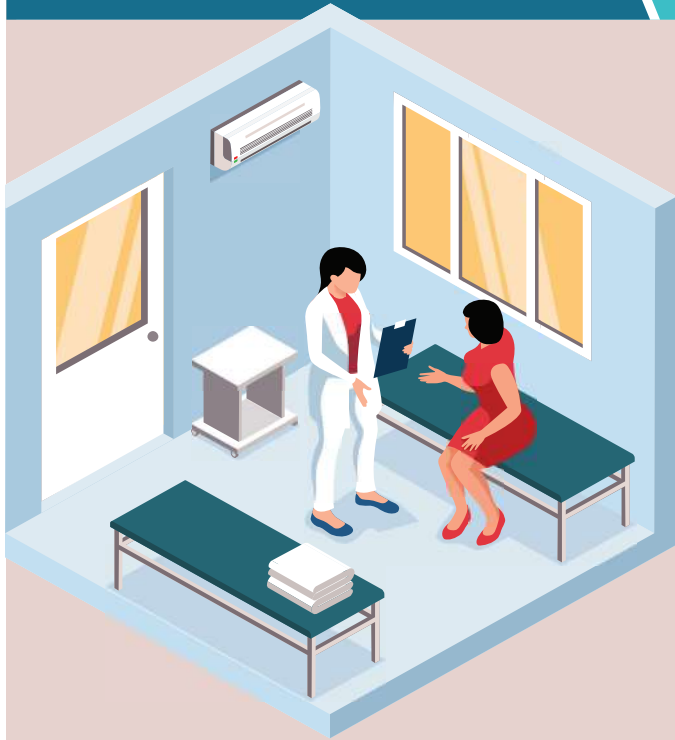
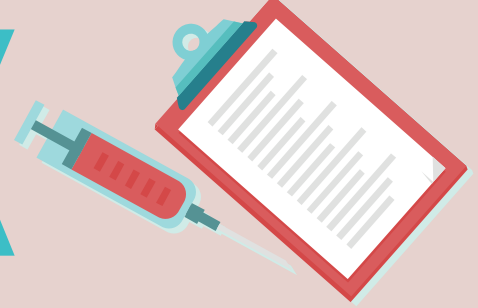
The Office is busy with processes of decentralisation of its functions to mitigate the cost of inspections and increase inspection coverage. A plan has been developed to inspect the 40 uninspected private healthcare hospitals in the first quarter of the new financial year. The annual inspection strategy for 2024/25 has been released which will address inspection coverage. The OHSC is developing smart inspections concept document which will promote efficiency through the use of artificial intelligence once implemented. These remains a need for additional human resources to increase the current number of inspections teams.

### Linking performance with budgets

Programme	2023/2024			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Compliance inspectorate	57,726,413	59,557,589	(1,831,176)	58,469,205	75,854,104	(17,384,899)

The Compliance Inspectorate is the biggest division in the OHSC. During the financial year under review, additional funding from the 2022/23 financial year surplus was made available to the division to fund increased travel costs related to routine inspections, as well as re-inspections of non-compliant health establishments.

**PROGRAMME 3:  
COMPLAINTS MANAGEMENT AND  
OFFICE OF THE HEALTH OMBUD**



Percentage of low-risk complaints resolved within twenty-five working days of lodgement in the call centre

**96.6%**  
(2308/2389)

Percentage of user complaints resolved through assessment within 30 working days of receipt of a response from the complainant and/or the health establishment

**54.0%**  
34/63

Percentage of complaints resolved within 6 months through investigation

**21.4%**  
3/14



Percentage of complaints resolved within 24 months through investigation

**42.9 %**  
(12/28)

Percentage of complaints resolved older than 24 months through investigation

**18 %**  
29/161



### 11.3. PROGRAMME 3: COMPLAINTS MANAGEMENT AND OFFICE OF THE HEALTH OMBUD

The purpose of the Complaints Management Programme and Office of the Health Ombud is to consider, investigate and dispose of complaints relating to non-compliance with prescribed norms and standards in a procedurally fair, economical, and expeditious manner. The programme comprises three sub-programmes:

Complaints Call Centre (CCC) – Call centre operators are employed by OHSC to receive complaints from the public through calls, emails, and written letters. They register, record and screen all complaints received and refer to the next level as appropriate. All low-risk complaints are addressed at the level of the call centre.

Complaints Assessment Unit (CAU) – All complaints that receive a medium and high-risk rating are referred to the CAU. Assessors are employed by OHSC to analyse and assess medium and high-risk rated complaints. Cases that are assessed as high risk are further escalated to the Investigation Unit for further processing.

Complaints Investigation Unit (CIU) – All complaints that receive a high and extreme risk rating are referred to the Complaints Investigation Unit. Investigators are employed to investigate high and extreme risk-rated complaints. These mainly require on-site visits to the health establishments and robust analysis of evidentiary documents.

#### Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

During the period under review, the OHSC received a total of 2389 complaints, of which 2308 were resolved within 25 working days. The annual performance of the call centre is 96.60%, far exceeding the set target of 85%. The OHSC received 63 cases, of which 34 were resolved within 30 days of receipt of information from the health establishment and / or complainant.

A total of 44 cases were investigated and resolved across eight provinces. This was made possible through the assistance of additional contract investigators appointed in 2023 on a 12-month fixed contract. Among the cases handled, the highest number, 12 cases (27.27%), originated from Gauteng, followed by Eastern Cape and North West with 6 cases each (13.63%). KwaZulu-Natal, Western Cape, and Limpopo each accounted for five cases (11.36%), while Free State had three cases (6.81%) and Mpumalanga two cases (4.54%).

#### Challenges encountered by the Complaints Management and Office of the Health Ombud during the FY 2023/24

During the period under review, the OHSC had a staff shortage as there were only four complaints assessors over the reporting period. Complex complaints require significant time and resources to thoroughly address the details of each case. Complex cases involve more than one health establishment visited for investigations. This adds complexity as the investigator must coordinate with multiple parties and obtain evidence from various witnesses and health establishments.

Delayed or non-response from health establishments when requested to provide medical records and reports. Tracing of witnesses also contributed to delays in finalising investigations. This significantly impedes the investigative process and delays the resolution of cases.

Programme 3: Complaints Management and Office of the Health Ombud							
Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target	Reasons for deviations
<b>Outcome</b>							
<b>Improved quality of health care services rendered to the users in the Health Establishments</b>							
3.1 Low risk complaints resolved within twenty-five working days of lodgement in the call centre	3.1.1 Percentage of low-risk complaints resolved within twenty-five working days of lodgement in the call centre	83.09% (2 756 / 3317)	93.4% (2 472 / 2647)	85%	96.6% (2308/2389)	+11.6%	Monitoring of the process to manage low-risk complaints is done.  There are continuous follow-ups with stakeholders to respond to correspondences related to redirected

Programme 3: Complaints Management and Office of the Health Ombud							
Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target	Reasons for deviations
<b>Outcome</b>		<b>Improved quality of health care services rendered to the users in the Health Establishments</b>					
3.2 User complaints resolved within 30 working days through assessment after receipt of a response from the complainant and/or the health establishment	3.2.1 Percentage of user complaints resolved through assessment within 30 working days of receipt of a response from the complainant and/or the health establishment	26.71% (39 / 146)	60.87% (42/69)	70%	54.0% 34/63	-16.0%	Non-achievement is attributed to:  i) shortage of Human Resources. The Office operated with only four Assessors throughout 2023/24.  ii) A total of 18 tickets were received in Quarter 4 with 10 tickets received in the last month of the financial year. New tickets inflated the denominator.
3.3 Complaints resolved within 6 months through investigation	3.3.1 Percentage of complaints resolved within 6 months through investigation	4.43% (7/158)	0.63% (1/157)	20%	21.4% 3/14	+1.4%	The target was achieved through a concerted effort made by prioritising cases that were eligible to be resolved within 6 months.
3.4 Complaints resolved within 24 months through investigation	3.4.1 Percentage of complaints resolved within 24 months through investigation	1.27% (2/158)	3.18% (5/157)	5%	42.9 % (12/28)	+37.9%	The achievement of 37.9% was achieved through the support of five additional investigators and the strategy of investigating cases that were eligible for investigation along with the newly assigned cases.
3.5 Complaints resolved older than 24 months through investigation	3.5.1 Percentage of complaints resolved older than 24 months through investigation	0% (0/158)	0.66% (1/157)	2%	18 % 29/161	+16 %	The target was achieved through the unwavering commitment to work beyond normal working hours by the team.

**Strategy to overcome areas of under performance.**

Since its inception in 2015, the OHSC has been under-resourced, which impacts programme performance and staff morale. The OHSC continues to motivate for financial and human resources to resolve this. Management has established a structured case prioritisation system for newly assigned cases to ensure timely resolution.


The management is working hard to introduce technology solutions, such as a digital transcription kit to streamline the transcription of audio-recorded witness interviews as well as automation of repetitive tasks to reduce manual effort and increase productivity. The management will explore and implement alternative electronic platforms for conducting witness interviews, particularly for key witnesses who have relocated or resigned.


**Linking performance with budgets**


Programme	2023/2024			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	Over /Under Expenditure
<b>Complaints Management and office of the Ombud</b>	21,403,802	29,387,818	(7,984,016)	<b>20,890,411</b>	<b>23,405,178</b>	<b>(2,514,767)</b>

The total expenditure for the Complaints Management division was defrayed using the original budget and the surplus from the 2022/23 financial year approved by the National Treasury. Additional employees on short term contracts were appointed to boost the human resource capacity of the division to assist in the resolution of the backlog of investigation cases.

**PROGRAMME 4:  
HEALTH STANDARDS DESIGN,  
ANALYSIS, AND SUPPORT**








**Number of recommendations reports for improvement in the healthcare sector made to relevant authorities**


3  
(Three)

- 1 National Early Warning System (EWS) Recommendations report
- 1 National Annual Returns Recommendations report
- Eastern Cape Province recommendations report

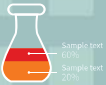


**Number of guidance workshops conducted to facilitate implementation of the norms and standards regulations**

29



Sample text  
20%



Sample text  
10%



## 11.4. PROGRAMME 4: HEALTH STANDARDS DESIGN, ANALYSIS, AND SUPPORT

The purpose of the Health Standards Design, Analysis, and Support Programme is to provide high-level technical support to the OHSC through research, health systems analysis, development of data collection tools, training in the use of these tools, and analysis and interpretation of the data collected. The Programme also drives the establishment of stakeholder networks for capacity building and the co-creation of information management systems. The Programme has two units:

- Health Standards Development and Training.
- Health Systems, Data Analysis and Research.

### **Outcomes, Outputs, Output Indicators, Targets and Actual Achievement**

The strategic goal of the OHSC is to assist various categories of health establishments to comply with the norms and standards regulations. Healthcare facilities that adhere to the specified standards are more likely to deliver safe, high-quality care.

The OHSC reviewed and analysed the following data sources: Compliance inspection reports, media alerts, EWS and Annual returns of the inspected district hospitals in the Alfred Nzo and Oliver Tambo District of Eastern Cape Province for the financial year 2023/2024. During the analysis gaps were identified in the health establishments that could negatively influence the quality and safety of care rendered to users.

A recommendations report was developed for the Head of Department in the Eastern Cape Province to highlight the gaps that were identified and provide recommendations to address these gaps in the system. The reporting trends for the EWS incidents between the private and public sectors have shown gradual improvement in the period under review in both sectors, despite the fact that there might still be significant number of incidents that go unreported. The public sector reported 1661 incidents while 204 incident reports were received from the private sector. A total of 359 out of 386 public hospitals submitted their annual returns in 2023 and the overall national submission rate in the period under review was at approximately 93%.

The central and tertiary hospital inspection tools were developed, piloted in four provinces and approved by the Board. Updates of five inspection tools were done during the financial year under review: clinic inspection tool, Community Health Centre inspection tool, district hospital inspection tool, regional hospital inspection tool and private acute hospital inspection tool. The compliance inspectorate unit was trained on the updated inspection tools.

In developing the General Practice inspection tool, consultations with the Unify Forum for Family Practitioners (UFFP) and the wider General Practitioners community were conducted and completed in the provinces during this financial year on the content of draft three (3) of the tool. The inputs have been received from the various stakeholders and these inputs are currently being considered for incorporation into the development of draft 4 of the General Practice inspection tool. Draft four (4) of the inspection tools will be the basis for final engagement with the stakeholders at a national workshop to be convened for finalisation of the tool before it is submitted to the Board for approval.

Following the promulgation of the Emergency Medical Services (EMS) regulation in December, 2022 the development of the EMS inspection tool commenced and the first draft was completed. Orientation visits to both the public and private EMS stations were done to understand the service delivery model.

In-person, virtual and hybrid Guidance and Support workshops were provided to the various stakeholders in the private and public sectors to assist with compliance with the requirements of the inspection tools. During this financial year, it became eminent that more health establishments reached out to the OHSC to provide training on the inspection tools and topics related to quality improvement.

### **Challenges encountered by the Health Standards Design, Analysis and Support during the FY 2023/24**

During and post the COVID pandemic period, the OHSC continued to conduct guidance and support workshops virtually with the various stakeholders. The OHSC identified that information shared during the workshops does not always filter down to the districts and health establishments. For this reason, face-to-face engagements during workshops at the district level have been conducted. The office has received positive feedback.

During the development and update of the inspection tools, the office did not receive timely feedback from the health establishments, districts and provinces. This negatively affected the timelines for completion of the updates.

Programme 4: Health Standards Design, Analysis and Support							
Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target	Reasons for deviations
Outcome	Facilitate achievement of compliance with norms and standards regulations for different categories of health establishment						
4.1 Implementation of recommended improvements by relevant authorities in the healthcare authorities	4.1.1 Number of recommendations reports for improvement in the healthcare sector made to relevant authorities	3	3	3	3 <ul style="list-style-type: none"> <li>1 National Early Warning System (EWS) Recommendations Report (including 9 provincial reports) were produced and disseminated to the relevant health authorities</li> <li>1 National Annual Returns Recommendations (including 9 provincial reports) report was produced and disseminated to the relevant health authorities</li> <li>Eastern Cape Province recommendations report for the inspected District Hospitals in the Oliver Tambo and Alfred Nzo Districts was produced and disseminated to the relevant health authorities</li> </ul>	0	The target was achieved.
4.2 Improved implementation of the norms and standards	4.2.1 Number of guidance workshops conducted to facilitate implementation of the norms and standards regulations	26	25	24	29	+5	Exceeded the target by five workshops.  The deviation was because of the need to provide feedback to the provinces on annual returns.

### Linking performance with budgets

Programme	2023/2024			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
<b>Health, Standard Design, Analysis and Support</b>	11,519,376	14,388,536	(2,869,160)	<b>10,971,686</b>	<b>13,190,832</b>	<b>(2,219,146)</b>

The initial budget amount for the financial year was supplemented by the surplus from the 2022/23 financial year, which funded the appointment of employees on short term contracts to boost internal human resource capacity.

## PROGRAMME 5: CERTIFICATION AND ENFORCEMENT



Percentage of health establishments issued with a certificate of compliance within 15 days from the date of the final inspection report and a recommendation by an Inspector

**91.0%** 563/618



Percentage of health establishments against which enforcement action has been initiated within 10 days from the date of the final inspection report and a recommendation by an Inspector

**100%** (45/45)

Number of bi-annual reports developed for publication on the OHSC website

**Two bi-annual reports were developed**

### 11.5 CERTIFICATION AND ENFORCEMENT

The purpose of the Certification and Enforcement programme is to certify compliant health establishments and take enforcement action against non-compliant health establishments. The programme is required to publish information relating to the certificates of compliance issued and enforcement action taken.

#### Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

The OHSC has registered a significant increase in the rate of certification during the reporting period compared to the previous financial years. A total of 618 certificates of compliance were issued to health establishments that were found to be compliant with the norms and standards regulations. A Certificate of Compliance is valid for a period of four years and is subject to renewal. Health establishments are further required in terms of Regulation 19 to apply to the OHSC for renewal of their certificates of compliance within a period of not more than six months before the expiry of the compliance certificate.

Written warnings were issued against 45 health establishments found to be non-compliant after re-inspection, and based on recommendations by inspectors. A written warning is a form of enforcement action that the OHSC issues in terms of Regulation 23 to persons in charge for failure to remedy breaches of norms and standards listed on the Compliance Notice issued by an inspector.

To strengthen the implementation of the OHSC's Enforcement Policy, the Office introduced a pre-enforcement consultation process through which it holds meetings with various district health authorities, Chief Executive Officers of public and private hospitals which are re-scheduled for re-inspections after being found non-compliant during routine inspections. Health establishments are afforded the opportunity to share presentations indicating remedial measures that they had implemented to address the listed breaches of norms and standards, their challenges, if any to achieving full compliance and their state of readiness for re-inspection.

The OHSC established the Compliance Enforcement Committee and members appointed in 2023. The appointment of the committee is a requirement in terms of the OHSC's Enforcement Policy. The committee's primary role is to oversee the compliance enforcement function of the OHSC and to ensure that it is executed according to the organisation's relevant legislation and prescripts.

## Challenges encountered by the Certification and Enforcement during the FY 2023/24

Due to budgetary constraints, the OHSC could not undertake the planned pre-enforcement consultation sessions in various provinces. A limited number of sessions were held virtually with hospitals that had been scheduled for re-inspection. It is through the pre-enforcement sessions that the OHSC can create awareness amongst health establishments and various stakeholders on its compliance enforcement powers and functions. The process is also a mechanism employed by the OHSC to give effect to the principle of progressive application of the compliance enforcement action.

Programme 5: Certification and Enforcement							
Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target	Reasons for deviations
<b>Outcome</b>		<b>Compliance with norms and standards increased</b>					
5.1 Compliant health establishments are issued with a certificate of compliance	5.1.1 Percentage of health establishments issued with a certificate of compliance within 15 days from the date of the final inspection report and a recommendation by an Inspector	85.19% (161/189)	100% (251/251)	100%	91.0% 563/618	-9% (55/618)	The issuing of certificates was delayed by the verification of information on the inspection system as a result of the implementation of the new Compliance Status Framework (CSF) for district hospitals.
5.2 Enforcement action is taken against non-compliant health establishments	5.2.1 Percentage of health establishments against which enforcement action has been initiated within 10 days from the date of the final inspection report and a recommendation by an Inspector	0% (0/23)	100% (100/100)	100%	100% (45/45)	0	Written Warnings were issued against 45 health establishments which were found to be non-compliant after additional inspection and based on recommendation by inspectors.
5.3 Health establishment compliance status reports are published	5.3.1 Number of bi-annual reports developed for publication on the OHSC website	2	2	2	2	0	The OHSC was able to publish two reports which provide information on the compliance certificates issued to compliant health establishments in the provinces and the number, names of non-compliant health establishments against which enforcement action has been commenced per province.

**Strategies to address underperformance.**

An efficient and reliable electronic system that supports the automation of processes and activities has been identified as a key factor in the management of information. Work is underway to enhance the current system to improve the efficiencies of the office. A new module has been created to support the office.

**Linking performance with budgets**

Programme	2023/2024			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
<b>Certification and Enforcement</b>	2,800,260	3,323,654	(523,394)	<b>2,497,693</b>	<b>2,504,676</b>	<b>(6,983)</b>

Expenditure for the Certification and Enforcement program related largely to compensation of employees. The overspending on the programme was funded by 2022/23 financial year surplus as approved by the National Treasury, with regard to additional human resource capacity on short term contracts

**12. REVENUE COLLECTION**

Sources of revenue	2023/2024			2022/2023		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
Government grant	162,726,000	161,546,000	1,180,000	<b>157,509,000</b>	<b>157,509,000</b>	-
Interest received	-	2,902,237	(2,902,237)	-	<b>3,337,193</b>	<b>(3,337,193)</b>
Other income	-	1,356	(1,356)	-	<b>1,456</b>	<b>(1,456)</b>
<b>Total</b>	162,726,000	164,449,593	(1,723,593)	<b>157,509,000</b>	<b>160,847,649</b>	<b>(3,338,649)</b>

During the financial year under review, the budget allocation of the OHSC was reduced by an amount of R1,180,000 as a result of budget cuts implemented by the National Treasury. Further, the OHSC has in place an investment policy, through which funds which are not immediately required for use are invested. Through this policy, an additional R2.9 million was generated in interest on investment.



The background features a dark blue gradient with various white icons related to finance and business, such as line graphs, bar charts, a dollar sign, and arrows. In the center, an open book is visible, with its pages slightly blurred. The overall theme is professional and educational.

# GOVERNANCE

## PART C:

### GOVERNANCE



## 13. INTRODUCTION

Corporate governance embodies processes, practices and systems by which public entities are directed and governed to ensure that the entity achieves its objectives. In addition to legislative requirements of the National Health Amendment Act, 12 of 2013, (NHAA), the OHSC is also governed by the precepts of the Public Finance Management Act, 1 of 1999, (PFMA) In addition, the OHSC abides with the principles contained in the King's Report on Corporate Governance. Parliament, the Executive and the Accounting Authority of the public entity are responsible for the oversight of corporate governance.

## 14. PORTFOLIO COMMITTEES

The Parliamentary Portfolio Committee on Health exercises oversight over the service delivery performance of the public entities reporting to the Health Department. The OHSC appeared before the Parliamentary Portfolio Committee on Health on the dates set out below:

Table 1: Portfolio committees' meetings

Date	Parliamentary Structure	Activity/Focus
11 October 2023	Portfolio Committee on Health	Presentation of the Annual Report for financial year 2022- 2023.

## 15. EXECUTIVE AUTHORITY

In line with statutory requirements, the OHSC submitted the following reports during the 2023/2024 financial year period.

Report/document type	Date submitted	Executive authority comment
Quarter 4: 2022/2023 Performance Information Report	28 April 2023	None
Quarter 1: 2023/2024 Performance Information Report	31 July 2023	None
Quarter 2: 2023/2024 Performance Information Report	31 October 2023	None
Quarter 3: 2023/2024 Performance Information Report	31 January 2024	None

## 16. THE ACCOUNTING AUTHORITY / BOARD

### Introduction

- The functions of the Board are set out in Section 79 A (3);

#### **The role of the Board is as follows:**

The role of the Board, specifically, is to:

- retain full and effective control over the OHSC and monitor the implementation of the strategic plans and Board-approved financial, environmental, and social objectives.
- define levels of authority, reserving specific powers to itself and delegating other matters, with the necessary written authority, to the CEO.
- regularly monitor the delegation of authority;
- ensure that an appropriate system of policies and procedures is in place and maintained and that suitable governance structures exist for the smooth, efficient, and prudent stewardship of the OHSC;
- ensure OHSC compliance with all relevant laws and regulations, audit and accounting standards, codes of conduct and best business practice and any other such principles and codes as may be established by the Board from time to time;
- regularly review and evaluate business risks to the OHSC and ensure that comprehensive, appropriate internal controls exist to mitigate such risks;

- exercise objective judgement about the business affairs of the OHSC, independent from management but with sufficient management information to enable a proper and informed assessment; and
- identify and monitor all aspects relevant to the business of the OHSC and to ensure its responsible conduct towards all relevant stakeholders with a legitimate interest in its affairs.

### **Board Charter**

The Board operates under an approved Board Charter and ensures that financial and risk management, and internal controls are effective as required by the PFMA.

Board activities are undertaken in terms of the Board Constitution developed in line with legislative prescripts, codes of good practice and principles of governance. The Constitution identifies the roles and responsibilities of the Board in relation to the interactions with management and sets out the fiduciary duties of the individual Board members and the role of the Chairperson of the Board.

The Board Constitution further deals with the management of conflicts of interests to ensure that the interests of the OHSC remain paramount in its decision-making process. The Board monitors compliance with the Constitution by Board members and deals with issues of conflict in the manner provided for in the Constitution. The Board Constitution is reviewed annually.

### **Composition of the Board**

The Board is comprised of twelve (12) non-executive Board members appointed by the Minister of Health in terms Section 79B of the NHA. The CEO and the CFO are ex officio (executive directors) members of the Board. A new Board was appointed by the Minister of Health on 12 February 2023 for a term of three (3) years. There is diversity in the Board in terms of skills and competencies as prescribed by Section 79B of the NHAA.





**Table 2:**

Below is the list of **current Board members** appointed by the Minister of Health to serve with effect from 12 February 2023 for a period of three (3) years. There is diversity in the Board in terms of skills and competencies as prescribed by Section 79B of the NHAA.

During the period under review the Board Meetings from 01 April 2023 until 31 March 2024 were as follows:

<b>Name</b>	<b>Designation (in terms of the Public Entity Board structure)</b>	<b>Date appointed</b>	<b>Term ended</b>	<b>Qualifications</b>	<b>Area of Expertise</b>	<b>Board Directorships (List the entities)</b>	<b>Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)</b>	<b>No. of Meetings attended</b>
1. Dr Ernest Kenoshi	Chairperson	7 February 2020	Serving 2 <sup>nd</sup> term	MBCbB, DTM&H, Advanced Certificate in Healthcare Management, Certificate in Improving the Quality of Health Services, Master's in public health (Hospital Management), Financial Management for non- financial managers, Project Management, Primary Emergency Medicine, Hospital Major Incident Management, Departmental Leadership.	Public Health	MDB: HPCSA	Health Portfolio Committee	<b>24</b>

<b>Name</b>	<b>Designation (in terms of the Public Entity Board structure)</b>	<b>Date appointed</b>	<b>Term ended</b>	<b>Qualifications</b>	<b>Area of Expertise</b>	<b>Board Directorships (List the entities)</b>	<b>Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)</b>	<b>No. of Meetings attended</b>
2. Dr Reno Morar	Vice- Chairperson	12 February 2023	N/A	Certificate In Professional Coaching Practice, Public Health Medicine Specialist, and registered Fellow of the College of Public Health Medicine of South Africa [FCPHM (SA)], Master of Medicine in Community Health [MMed] Comm H, Post Graduate Diploma in Health Management, Economics and Financial Planning (DHMEF), Medical Doctor MBChB (Bachelor of Medicine and Bachelor of Surgery).	Public Health	Chairperson of the Advisory Committee: National Health Reference Price List (NHRPL)  Chairperson of the Board of Trustees of ComaCARE	HR REMCO,  ARF Com, Health Portfolio Committee	<b>25</b>
3. Prof Rajesh Mahabeer	Member	12 February 2023	N/A	CA(SA), FCMA, CGMA, FCA (England & Wales), BFP, FCCA, CIA, FIIASA, M.Inst.D, SARIPA, INSOL, MBA (Derby), MCom (UKZN), Post Grad Dip Acc (UKZN), N Dip Cost Acc (DUT), PhD (Candidate) (WITS).	Accounting, Auditing, and Finance	SAHPRA  REPSSI; OBP	Chairperson of ARF Com, Health Portfolio Committee	<b>39</b>

<b>Name</b>	<b>Designation (in terms of the Public Entity Board structure)</b>	<b>Date appointed</b>	<b>Term ended</b>	<b>Qualifications</b>	<b>Area of Expertise</b>	<b>Board Directorships (List the entities)</b>	<b>Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)</b>	<b>No. of Meetings attended</b>
4. Prof Usuf Chikte	Member	7 February 2020	Serving 2 <sup>nd</sup> term	PhD (Community Health), MSc (Dental Public Health), MDent (Community Dentistry), DHSM, BChD.	Education	None	Chairperson of HR REMCO, CEC,, Health Portfolio Committee	<b>35</b>
5. Prof Lillian Dudley	Member	12 February 2023	N/A	PhD Public Health, Fellow of College of Public Health Medicine (FCPHM), M.Sc Health Policy, Planning and Financing, Diploma in Child Health, MB,ChB, BSc Medical Microbiology.	Public Health Medicine Specialist	None	Chairperson of CEC, Health Portfolio Committee	<b>20</b>
6. Dr Maria Peenze	Member	7 February 2020	Serving 2 <sup>nd</sup> term	Doctor Technologiae: Business Administration, Magister Legum: Human Rights, Baccalaureus Legum, Baccalaureus Iuris, Certified Fraud Examiner, Africa Directors Programme, Ethics in the Public Service.	Law: Human Rights, Governance	International Association of Certified Fraud Examiners Advisory Council, Road Accident Fund, South African Institute for Drug-Free Sport	ARF Com, HR REMCO	<b>36</b>
7. Prof Mohambry Chetty	Member	7 February 2020	Serving 2 <sup>nd</sup> term	MBChB, PhD, MPH (US) MFamMed, DTM&H; DOH; DHSM, IAQS	Quality- Standards Setting and Best Practice Initiatives	KZN Doctors Healthcare Coalition, IPA Foundation of SA. and UKUSA Healthcare Consultants	CEC	<b>23</b>

<b>Name</b>	<b>Designation (in terms of the Public Entity Board structure)</b>	<b>Date appointed</b>	<b>Term ended</b>	<b>Qualifications</b>	<b>Area of Expertise</b>	<b>Board Directorships (List the entities)</b>	<b>Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)</b>	<b>No. of Meetings attended</b>
8. Ms Ritta Msibi	Member	7 February 2020	Serving 2 <sup>nd</sup> term	Degree in Nursing Administration and Education, National Higher Diploma as registered nurse in (General, Midwifery, Psychiatry) and Community health, National Diploma unit Management, National Diploma in Primary health care, Advanced University Diploma Health Service Management, The Integrated Management of TB, HIV, &STI, Advanced University Diploma Unit Management.	Labour	None	HR REMCO	<b>24</b>

<b>Name</b>	<b>Designation (in terms of the Public Entity Board structure)</b>	<b>Date appointed</b>	<b>Term ended</b>	<b>Qualifications</b>	<b>Area of Expertise</b>	<b>Board Directorships (List the entities)</b>	<b>Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)</b>	<b>No. of Meetings attended</b>
9. Mr Anele Yawa	Member	12 February 2023	N/A	Certificate in Occupational Safety, Health and Environment, Certificate in Safety Precautions and Oxy-Acetylene Flame Cutting, Certificate in Operation and Safety Procedure of Portable Pneumatic Grinders, Certificate - IAVI's ADVANCE Program: Community engagement and learning: perspectives from researchers and Communities, IAVI Leadership Development Programme, Diploma in School Management.	Public Health	General Secretary: Treatment Action Campaign; SANAC Civil Society Forum; Eastern Cape Health Crisis Action Coalition.	ARF, CEC, HR REMCO	<b>40</b>
10. Ms Palesa Santho	Member	12 February 2023	N/A	B-Pharm; Dip: Business Man.	Public Health	SAAHIP; SAPC, SANC.	CEC, Health Portfolio Committee	<b>23</b>

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Term ended	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
11. Ms Sizeni Mchunu	Member	12 February 2023	N/A	Masters of Arts Degree (Nursing Education), Hons. Degree in Nursing Science, Bachelor of Arts Degree in Nursing Science (Nursing Administration/ Management and Community Health Nursing),  Diploma in General Nursing and Midwifery, Diploma in Advanced Basic Education and Training, Certificate in Community Development.	Nursing Education	2014 – Interim Council of the Sefako Makgatho Health Sciences (SMU), 2015 Member of the SA Nursing Council, 2015 member of the substantive Council of SMU.	CEC, Health Portfolio Committee	<b>22</b>



Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Term ended	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
12. Dr Guin Lourens	Member	20 July 2023	N/A	PhD: Public Management, Master's Degree: Nursing, Palliative Care Homecare, Certificate in Occupational Health Nursing, Postgraduate Diploma in Nursing Education, Postgraduate Diploma in Health Services Management, Certificate in Primary Health Clinical Curative Care and Treatment, B-Cur (General Nursing, Community Health Nursing, Midwifery and Psychiatric Nursing).	Public Health	Paarl Hospital board member  Board Director on Bergzicht Training NGO	CEC, Health Portfolio Committee	<b>19</b>

**\*Prof Dudley – Acting OHSC CEO (25 July 2023 to 08 September 2023)**

**\*Ms Mchunu – Acting CEC Chairperson (27 July 2023 to 08 September 2023)**

**\*Dr Guin Lourens – Appointed from 27 July 2023 to for a term of three (3) years**

## Committees

**Table 3:**

Below is the list of the attendance of committees for the period 1 April 2023 until 31 March 2024. Committees attended by the **Board Members** for the period 01 April 2023 until 31 March 2024.

## 1. Executive Committee Meetings of the Board

The Executive Committee met **3** times from 01 April 2023 until 31 March 2024.

Committee	No. of meetings held	No. of members	No. of meeting attended	Name of members
Executive Committee of the Board	0 Ordinary meeting 3 Special meetings	5	2	Dr ME Kenoshi (Board Chairperson)
			2	Dr Reno Morar (Board Vice-Chairperson)
			3	Mr Rajesh Mahabeer (Chairperson: ARF Committee)
			3	Prof Usuf Chikte (Chairperson: HRREM Committee)
			3	Prof Lilian Dudley (Chair: CEC Committee)

## 2. Table 4: Certification and Enforcement Committee (CEC)

The **CEC** met **4** times from 01 April 2023 until 31 March 2024.

Committee	No. of meetings held	No. of members	No. of meeting attended	Name of members
Certification and Enforcement Committee (CEC)	4 Ordinary	7	4	Prof Lilian Dudley (Chairperson)
			4	Prof Mohambry Chetty (Member)
			4	Ms Sizeni Mchunu (Member)
			4	Professor U Chikte (Member)
			4	Mr Anele Yawa (Member)
			4	Ms Palesa Santho (Member)
			2	Dr Guin Lourens (member)



### 3. Table 5: Human Resource and Remuneration Committee (HRREM Com)

The **HRREM Com** met **7** times from 01 April 2023 until 31 March 2024.

Committee	No. of meetings held	No. of members	No. of meeting attended	Name of members
Human Resource and Remuneration Committee (HRREM Com)	4 Ordinary meetings 3 Special meetings	4	4 Ordinary meetings	Professor U Chikte Member (Chairperson)
			3 Special meetings	
			4 Ordinary meetings	Adv/Dr MC Peenze (Member)
			3 Special meetings	
			4 Ordinary meetings	Dr Reno Morar (Member)
			3 Special meetings	
			1 Ordinary meetings	Ms. R Msibi (Member)
			3 Special meetings	

### 4. Table 6: Audit, Risk and Finance Committee (ARF Com)

The **ARF Com** met **14** times from 01 April 2023 until 31 March 2024.

Committee	No. of meetings held	No. of members	No. of meeting attended	Name of members
Audit, Risk and Finance Committee (ARF Com)	4 Ordinary meetings 10 Special meetings	4	4 Ordinary meetings	Mr Rajesh Mahabeer (Chairperson)
			10 Special meetings	
			4 Ordinary meetings	Dr MC Peenze (Member)
			10 Special meetings	
			4 Ordinary meetings	Mr Anele Yawa (Member)
			10 Special meetings	
			4 Ordinary meetings	Dr Reno Morar (Member)
			6 Special meetings	

#### Remuneration of board members

Board members are remunerated in terms of National Treasury tariffs for office-bearers of certain statutory and other institutions. The OHSC Board is classified under Category A, Sub-category A2 of the National Treasury tariffs. Remuneration is approved for meeting preparation and attendance in line with National Treasury hourly tariffs for sub-category A2 entities.

The remuneration paid to each Board member for the year under review is included in the Annual Financial Statements under "Related Parties Transactions" (Note 23). Employees of National, Provincial and Local Government or Agencies and Entities of Government are not paid any fees and are paid only for disbursements.

## 17. RISK MANAGEMENT

The OHSC has in place the risk management policy and strategy which require management to conduct regular risk assessments to determine the effectiveness of the OHSC risk management strategy and identify new and emerging risks. A strategic risk assessment was conducted resulting in an update of the existing strategic risk register. Major strategic risks facing the OHSC were identified, together with controls and measures to mitigate against the risks. There is continuous monitoring for effectiveness and new control measures are introduced where inadequacies are identified. The internal audit function is in place and plays an important role in conducting risk-based audits, enabling management to take action to address any identified gaps.

As the Accounting Authority, the Board is ultimately responsible for risk management and has undertaken the following:

- evaluating risk profile of the OHSC.
- monitoring and reviewing the extent to which management has established effective risk management measures in all units.
- ensuring that management implements ongoing processes to identify, assess and manage risks.
- forming an opinion about the effectiveness of risk management processes and providing guidance to management.
- ensuring the risk management process is formally evaluated on an annual basis.

The ARF Committee advises the Board on risk management and independently monitors the effectiveness of the risk management system in use.

### **Materiality and significance framework**

The Board has, in accordance with Treasury Regulations, developed a materiality and significance framework appropriate to the size and operations of the OHSC.

#### **Materiality**

Taking into account the guidelines in National Treasury's *Practice Note on Applications Under Section 54 of the PFMA by Public Entities*, the OHSC materiality amount was set at R1 600 743– that is, 1% the total revenue of R160 074 372 in the 2021/22 financial year.

#### **Significance**

The Board has decided that the following transactions and/or events will be reported:

1. establishment or participation in the establishment of a company or public entity.
2. participation in a significant partnership, trust, unincorporated joint venture, public-private partnerships or similar arrangement.
3. acquisition or disposal of a significant shareholding in a company.
4. acquisition or disposal of a significant asset that would significantly affect the operations of the OHSC.
5. commencement or cessation of significant business activity.
6. a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated.
7. formation of joint venture or similar arrangement.
8. a material infringement of legislation that governs the OHSC.
9. material losses resulting from criminal or fraudulent conduct in excess of the materiality parameters.
10. All material facts and/or events, including those reasonably discoverable, which may in any way influence the decisions or actions of the executive authority.

## 18. INTERNAL CONTROL UNIT

Internal control systems serve to create confidence in the financial position of the OHSC, safeguard assets (including information) and ensure compliance with applicable laws, regulations and government policy prescripts. Internal auditors report on the functioning and effectiveness of internal control systems and make recommendations to management and the ARF Committee. The latter reports to the Board on the internal control environment in the OHSC and monitors the implementation of the audit recommendations for internal control.

The internal control systems were designed to provide reasonable, but not absolute, assurance about the integrity and reliability of the financial statements; safeguard, verify and maintain accountability of assets; detect fraud, potential liability, loss and material misstatement; and comply with applicable laws and regulations.

The AGSA and internal auditors considered the internal control systems as part of their audits and identified some deficiencies. In response, management implemented agreed action plans to address the deficiencies and reported progress to the ARF Committee with the aim of achieving an acceptable audit outcome in the financial year.

Furthermore, the OHSC developed new policies, as well as reviewing existing policies to strengthen the existing internal control environment.

## 19. INTERNAL AUDIT AND AUDIT, RISK AND FINANCE COMMITTEE

The internal audit function has been outsourced to an external auditing firm. Internal audit provides independent assurance to the Board about the internal control environment in relation to business operations.

- The internal audit function operates in terms of the internal audit charter adopted by the Board on the recommendation of the ARF Committee. This outlines the scope of the function and defines role, responsibilities and authority. The internal audit function operates under the guidance and support of the ARF Committee. However, the OHSC recognises that internal auditing is an independent, objective activity designed to add value through a systematic approach to evaluating and improving the effectiveness of risk management, control and governance processes.
- The ARF Committee provides assurance to the Board about the internal control environment, governance, risk management and financials, including budgeting, and is responsible for:
  - Reviewing the internal audit charter, including the scope of work, audit structure and budget.
  - Ensuring effective coordination between internal audit and management, including the monitoring, evaluation and review of significant findings and recommendations by internal audit, management's responses and implementation of remedial action.
  - Reviewing the external auditor's proposed annual audit scope, approach and fees to ensure proper coordination between external and internal auditors.
  - Reviewing management requests for the provision of non-audit services to ensure these do not impair the independence of the auditors.
  - Reviewing the adequacy of the internal control environment, including information and communications technology, security and control.
  - Monitoring the implementation of the risk management framework and reviewing significant changes to the risk profile of the OHSC.
  - Providing regular feedback to the Board about the adequacy and effectiveness of risk mitigation and management in the OHSC, including recommendations for improvement.
- Appropriately addressing:
  - Financial reporting risks, including the risk of fraud.
  - Internal financial controls.
  - IT risks as they relate to financial reporting.

- Review whether management has considered legal and compliance risks as part of OHSC risk assessments and the system's effectiveness for monitoring compliance.
- Obtaining reports from management, the internal auditors and external auditors regarding compliance with all applicable legal and regulatory requirements and acting on them.
- Reviewing the entity's compliance with the National Treasury framework for managing programme performance information and reporting systems and acting on them.
- Evaluating the appropriateness of accounting policies and practices and changes to these, as well as compliance with applicable accounting standards and legal requirements.
- Assessing whether the financial statements present a balanced and understandable assessment of the entity's financial position and performance, and whether they are complete and consistent with prescribed accounting and information known to ARF Committee members.
- Reviewing with management and the external auditors the results of the external audit, including any significant issues identified, and acting on them.
- Reviewing the Annual Report and other regulatory reports before release and considering the accuracy and completeness of the information.
- Reviewing the "going concern" assumptions.

The table below discloses relevant information on the audit committee members

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Prof Rajesh Mahabeer	CA(SA), FCMA, CGMA, FCA (England & Wales), BFP, FCCA, CIA, FIIASA, M.Inst.D, SARIPA, INSOL, MBA (Derby), MCom (UKZN), Post Grad Dip Acc (UKZN), N Dip Cost Acc (DUT), PhD (Candidate) (WITS)	External	NA	12 February 2023	current	4 Ordinary meetings 10 Special meetings
Dr Maria Peenze	Doctor Technologiae: Business Administration, Magister Legum: Human Rights, Baccalaureus Legum, Baccalaureus Iuris, Certified Fraud Examiner, Africa Directors Programme, Ethics in the Public Service	External	NA	7 February 2020	Serving 2 <sup>nd</sup> term	4 Ordinary meetings 10 Special meetings
Dr Reno Morar	Public Health Specialist and registered Fellow of the College of Public Health Medicine of South Africa [FCPHM (SA)]  Master of Medicine in Community Health [MMed]  [With Sub-courses: Diploma in Occupational and Environmental Health (First class pass) and M.Phil. (Epidemiology and Biostatistics)]  Post Graduate Diploma in Health Management, Economics and Financial Planning	External	NA	12 February 2023	current	4 Ordinary meetings 6 Special meetings

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mr A Yawa	Certificate in Occupational Safety, Health and Environment, Certificate in Safety Precautions and Oxy-Acetylene Flame Cutting, Certificate in Operation and Safety Procedure of Portable Pneumatic Grinders, Diploma in School Management.	External	NA	12 February 2023	current	4 Ordinary meetings 10 Special meetings

## 20. COMPLIANCE WITH LAWS AND REGULATIONS

The OHSC is committed to working within the prescripts of laws and regulations governing it to ensure compliance with regulations. Adherence and compliance with applicable laws and regulations remain a Board responsibility. The OHSC is also governed by legislation other than its founding legislation, the NHA. As a Schedule 3A public entity, the OHSC is governed by the PFMA and National Treasury Regulations published under the PFMA and other legislative prescripts referred to hereinabove. The Board, to give effect to its commitment to compliance, has approved the Compliance Framework document, which together with the Risk Management Strategy, guide the strategy of the OHSC and support its business processes as part of its overall governance, risk and compliance obligations. A PFMA compliance checklist is used to monitor compliance with the PFMA. The checklist is part of management's reporting responsibilities to the Board through the ARF Committee.

## 21. FRAUD AND CORRUPTION

The Board is committed to combatting all forms of fraud and corruption. A fraud and corruption prevention plan is in place to create awareness and guide employees on how to report suspected cases of fraud and corruption. The Board is confident that the employees and stakeholders will use the relevant reporting channels, including a fraud hotline.

The fraud and corruption prevention plan creates a system of internal controls to assist in preventing and detecting fraud and corruption. Elements of the system are creating a fraud awareness culture, developing policies and procedures, implementing segregation of duties in business transactions, internal auditing, ongoing risk assessment, and reporting and monitoring allegations of fraud and corruption. The Board, through the ARF Committee, monitors and reviews risks relating to fraud and corruption.

## 22. MINIMISING CONFLICT OF INTEREST

The Board has a Board Charter in place and procedures to manage issues of conflict of interest (perceived, potential, or actual).

During the period under review, the Board approved a Conflict-of-Interest Policy. On an annual basis, Board members and OHSC employees are required to disclose their financial interests. Furthermore, at every OHSC senior management and Board meeting, members sign declarations of interest registers indicating any potential conflict of interest related to any agenda item, in which case they must recuse themselves during discussion of that item.

## 23. CODE OF CONDUCT

The Board charter includes a code of conduct for Board members. This is based on principles of honesty, integrity and ethical leadership and serves as a guide to Board members in protecting OHSC assets and information, as well as managing conflicts of interest.

The OHSC code of conduct for employees is premised on the same principles and aims to protect the reputation of the Office by guiding employees in their interactions with one another and the public.

OHSC inspectors, who possess considerable authority in relation to health establishments, are required to sign a code of conduct for inspectors.

During the year under review, there were no reported instances of ethical breaches by Board members or employees.

Disciplinary measures are to be taken by the OHSC against any employee who breaches the applicable code, while unethical conduct by a Board member is referred to the Minister of Health for appropriate action.

## 24. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The OHSC has created the required occupational health and safety structures to ensure that the work environment is conducive to the health of all staff members. The new health and safety committee comprises representatives of employees and management as well as a union representative. The committee holds quarterly meetings.

## 25. COMPANY /BOARD SECRETARY

The Board Secretary manages and provides secretariat services and administrative support to the OHSC Board and Committees to ensure their effective and efficient functioning. The Board Secretary also renders legal advice to the Board and Committees when called upon to do so. The review and update of the Board Constitution and Terms of Reference for the functioning of the Board and Committees falls under the purview and responsibility of the Board Secretary.

## 26. SOCIAL RESPONSIBILITY

There were no activities undertaken in the period under review.

## 27. AUDIT, RISK AND FINANCE COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2024.

### **Audit Committee Responsibility**

During the review period, the ARF Committee complied with its responsibilities in terms of section 51(1) (a) (ii) of the PFMA and Treasury Regulation 27.1, adopted appropriate formal terms of reference as its charter, regulated its affairs in compliance with the charter and discharged the responsibilities described therein.

### **The Effectiveness of Internal Control**

The ARF Committee conducted its review of the findings of the internal audit function, which was based on the risk assessments conducted in the OHSC.

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

- Audit of performance information
- Compliance Inspectorate review
- Human Resources and Payroll review
- Complaints Management and Ombud review
- Supply Chain Management review
- Certification and Enforcement review

- Legal Services review
- Cyber Security review
- IT General Controls review
- Finance Management review
- Financial Reporting (Review of the Annual Financial Statements)
- Risk Management Self-Assessment Facilitation
- Strategic Risk Assessment Facilitation

The main areas of concern were largely around information technology general controls review and cyber security. The ARF Committee will continue to monitor the implementation of the recommendations and internal control measures emanating from internal audits.

### **In-Year Management and Monthly/Quarterly Report**

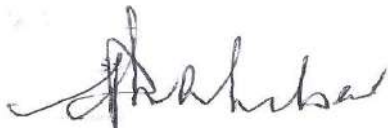
The public entity has submitted monthly and quarterly reports to the Executive Authority, as recommended to the Board by the ARF Committee.

### **Evaluation of Financial Statements**

The ARF Committee reviewed the annual financial statements prepared by the public entity before submission to the external auditors and was satisfied that the financial statements reflected all disclosures required in terms of accounting policies and standards.

The audit of the financial statements also confirmed that the statements submitted were prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (a) and (b) of the PFMA.

The outcome of the audit of the financial statements indicated the OHSC's commitment to good governance, accountability and continuous improvement which build on the foundation that has been laid in prior years.



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**Prof Rajesh Mahabeer**

**Chairperson of the Audit, Risk and Audit Committee**

## 28. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable to OHSC
Developing and implementing a preferential procurement policy?	Yes	OHSC supply chain management policy outlines the process to be followed to contribute to the implementation of the Preferential Procurement Policy Framework Act.
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable to OHSC
Developing criteria for entering into partnerships with the private sector?	No	Not applicable to OHSC
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	Not applicable to OHSC







# PART D:

HUMAN RESOURCES MANAGEMENT



## 29. INTRODUCTION

### 29.1 Overview of Human Resources (HR) matters at the public entity

The Human Resources Management unit creates an enabling environment for employees to contribute meaningfully towards the strategic objectives of the OHSC. Several programmes were pursued during the year under review as set out in the HR priorities below.

### 29.2 HR priorities for the year under review and the impact of these priorities

To assist the organisation to achieve its strategic goals, a range of HR programmes were prioritised during the financial year under review. These programmes included recruitment of staff, employee wellness programme, training and development, review and development of policies and performance management. The achievements in respect of these prioritised programmes are outlined as follows:

#### 29.2.1 Recruitment programme

In the year under review, one hundred and thirty-two (132) posts were funded, and as of 31 March 2024, a total of one hundred and twenty-six (126) positions were filled. This translates to 95.34% of funded posts being filled, indicating a significant improvement in the vacancy rate. The target for the vacancy rate was 6% for the reporting period, and was exceeded, with the vacancy rate of 4.55%. This low vacancy rate ensures that the majority of funded posts are filled although with limited resources, which assists the organisation to function more efficiently and effectively.

#### 29.2.2 Employee Wellness Programme

The employee wellness function is outsourced to a service provider ensure confidentiality for employees and to offer professional assistance that meets employees' specific challenges and needs. The wellness programme also offered interesting talks conducted throughout the year covering relevant and pertinent topics such as Distress Tolerance and Digital Detox. Two health risk assessment days, were held during the year during which employees had their blood pressure, glucose, and body mass index checked. Employees also used the counselling/therapy services offered to them and their immediate families.

#### 29.2.3 Training and development.

As part of continued performance improvement, the entity implements training and development interventions. During the year under review, 93 employees attended various skills development programmes including seminars, short courses, workshops and conferences. A workplace skills plan was also developed and submitted to the Health and Wellness Sector Education and Training Authority (HWSETA), which forms the basis of implemented trainings.

#### 29.2.4 Employee Performance Management Framework

During the year under review, 98% of employees signed performance agreements for the 2023/24 performance cycle. During the same year, 104 employees' performance assessments were moderated for the 2022/23 performance cycle, of which 94 qualified for the payment of notch progressions which were implemented during October 2023. In general, the OHSC has a culture of adherence to PMDS system requirements and is gradually finding a fit between individual and organisational performance.

### 29.2.5. Policy frameworks

For the year under review, a number of policies were developed and/or reviewed and consulted with various internal stakeholders, as well as Organised Labour. This set of policies include, revised inconvenience allowance policy, Attainment of additional qualification policy, fixed term contract policy, internal transfer policy, Prevention and elimination of harassment policy, policy on reasonable accommodation for persons with disabilities, Bargaining Forum Constitution and the Performance management policy. Consultation with Organised Labour has been finalised and it is envisaged that the policies will be implemented in the current financial year, except for the performance management policy which is still under the consultation process.

Furthermore, a four-year Employment Equity Plan was developed which is currently being implemented.

### 29.2.6 Labour Relations

Sound labour relations have generally prevailed during the year under review. The OHSC's bargaining forum has been functional, quarterly general staff meetings were held, and employees affiliated with the union held their meetings. Consultative processes such as policy awareness and implementation of various programmes were conducted. In the administration of discipline, disputes and grievances: two employees were dismissed, another two received written warnings.

### 29.2.7 Facility Management

The five-year lease the organisation had for the current building expired on 31 October 2023. Prior to expiry, the OHSC negotiated an extension of the current lease for a one-year period extendable by a further one year to allow time for the procurement process to unfold. The procurement process for new office space has commenced and is envisaged to be concluded in the new financial year.

## 30. CHALLENGES ENCOUNTERED

### 30.1 Limited Personnel budget

Due to insufficient funding, only 132 out of 323 posts were funded (40,8%), with 126 of the 132 filled as at 31 March 2024. These budget constraints have a negative impact on the organisation's performance against set goals such as number of inspections conducted. A stop-gap measure is temporary employment of contract staff to cover some critical functions on short-term contracts.

## 31. FUTURE HR PLANS/GOALS

For 2024/25, the OHSC will prioritise:

- The review of the structure to align with the organisational needs. It is anticipated that the reviewed structure will cater for a decentralisation operational model that the organisation will be pursuing.
- The OHSC will focus on the development of a revenue-generation model to enable it to be financially sustainable.
- Procurement of new office space.

## 32. HUMAN RESOURCE OVERSIGHT STATISTICS

### 32.1 Personnel-related expenditure

#### Personnel Cost by programme/ activity/ objective

Programme	Total Expenditure for the entity	Personnel Expenditure	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee
Administration	82,007,978	37,552,995	20%	36	1,043,139
Compliance Inspectorate	59,557,589	42,099,389	22%	53	794,328
Complaints Management and Office of the Ombud	29,387,818	27,472,746	15%	23	1,194,948
Health Standards Design, Analysis and Support	14,388,536	13,817,393	7%	12	1,151,449
Certification and Enforcement	3,323,654	2,789,516	1%	2	1,394,758
<b>Total</b>	<b>188,666,574</b>	<b>123,732,039</b>	<b>66%</b>	<b>126</b>	<b>982,000</b>

#### Personnel cost by salary band

Level	Personnel Expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
Top Management	12,665,722	10%	6	2,110,954
Senior Management	14,159,381	11%	11	1,287,216
Professional qualified	37,325,864	30%	28	1,333,067
Skilled	44,108,045	36%	58	760,484
Semi-skilled	15,473,027	13%	23	672,740
Unskilled	-	-	-	-
<b>Total</b>	<b>123,732,039</b>	<b>100%</b>	<b>126</b>	<b>982,000</b>

#### Performance Rewards

Level	Performance rewards	Personnel Expenditure	% of performance rewards to total personnel cost
Top Management	-	12,665,722	0%
Senior Management	-	14,159,381	0%
Professional qualified	-	37,325,864	0%
Skilled	-	44,108,045	0%
Semi-skilled	-	15,473,027	0%
Unskilled	-	-	0%
<b>TOTAL</b>	<b>-</b>	<b>123,732,039</b>	<b>0%</b>

#### Training Costs

Activity	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel Cost	No. of employees trained	Avg training cost per employee
Training expenditure	123,732,039	943,277	0.76%	93	10,142.76

## Employment and vacancies per programme

Programme/activity/objective	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of vacancies
Administration	39	36	3	7.7%
Compliance Inspectorate	55	53	2	3.6%
Complaints Management and Ombud	23	23	0	0%
Health Standards Design, Analysis and Support	12	12	0	0%
Certification and Enforcement	3	2	1	33.3%
<b>Total</b>	<b>132</b>	<b>126</b>	<b>6</b>	<b>4.5%</b>

## Employment and vacancies per post level

Level	2022/2023 No. of Employees	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of vacancies
Top Management	6	8	6	2	25%
Senior Management	12	13	11	2	15.3%
Professional qualified	27	28	28	0	0%
Skilled	54	60	58	2	3.3%
Semi-skilled	24	23	23	0	0%
Unskilled	0	0	0	0	0%
<b>Total</b>	<b>123</b>	<b>132</b>	<b>126</b>	<b>6</b>	<b>4.5%</b>

### Employment changes:

The number of funded permanent posts increased from the previous reporting period from one hundred twenty-nine (129) posts to one hundred thirty-two (132) posts. Of the one hundred thirty-two (132) funded posts, only six (6) were not filled as at 31 March 2024, giving a vacancy rate of 4.5% which exceeded the target of 6%.

### Employment changes by post level

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	7	1	2	6
Senior Management	12	0	1	11
Professional qualified	27	3	2	28
Skilled	52	13	7	58
Semi-skilled	24	4	5	23
Unskilled	0	0	0	0
<b>Total</b>	<b>122</b>	<b>21</b>	<b>17</b>	<b>126</b>

## Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	7	43.8%
Dismissal	2	12.5%
Retirement	2	12.5%
Ill health	0	0%
Expiry of contract	1	6.2%
Other	5	25%
<b>Total</b>	<b>17</b>	<b>100%</b>

### Explanations:

There were seventeen terminations during the reporting period of which seven were resignations of employees who were offered other career opportunities or took other career paths. In some cases, retention strategies were successful and in others not. There were two dismissals and two retirements. In terms of the expiry of contracts, the Health Ombud's seven-year tenure came to an end during the year under review, after which he was replaced by a new Health Ombud. The five indicated under the category of "other", were internal employees who were terminated from one post, to be appointed into a higher post within the organisation.

### Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	2
Final Written warning	0
Dismissal	2
<b>Total</b>	<b>4</b>

It should be noted that two employees received written warnings and two employees were dismissed from employment. The dismissals are currently being challenged in the CCMA and Labour Court.

### Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	2	0	0	0	0	0	0
Senior Management	6	6	0	1	1	1	0	0
Professional qualified	12	12	1	1	0	0	0	0
Skilled	11	13	0	1	0	0	1	1
Semi-skilled	10	10	0	1	0	0	0	1
Unskilled	0	0	0	0	0	0	0	0
<b>Total</b>	<b>41</b>	<b>43</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	3	0	1	1	1	0	1
Senior Management	2	2	0	1	1	1	1	1
Professional qualified	14	14	0	0	0	0	1	1
Skilled	45	44	1	1	0	0	0	0
Semi-skilled	12	10	0	0	0	0	1	1
Unskilled	0	0		0		0	0	0
<b>Total</b>	<b>76</b>	<b>73</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>4</b>

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	1	0	1
Semi-skilled	0	0	1	1
Unskilled	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>2</b>

During the year under review, the key focus was to ensure that the workforce composition reflects the national demographics of the country. Furthermore, the equity targets were aimed at meeting the transformative agenda of the country, thereby addressing the imbalances of the past by providing opportunities to previously disadvantaged groups, across key occupational levels.



# PART E:

PFMA COMPLIANCE REPORT





## 33. IRREGULAR, FRUITLESS, AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

### 33.1. Irregular expenditure

#### a) Reconciliation of irregular expenditure

Description	2023/2024	2022/2023
Opening balance	-	-
Add: Irregular expenditure confirmed	-	-
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>

No irregular expenditures were incurred in the current and prior years.

#### Reconciling notes

Description	2023/2024	2022/2023
Irregular expenditure that was under assessment in 2023/24	-	-
Irregular expenditure that relates to 2022/23 and identified in 2023/24	-	-
Irregular expenditure for the current year	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description <sup>1</sup>	2023/2024	2022/2023
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
<b>Total<sup>2</sup></b>	<b>-</b>	<b>-</b>

No irregular expenditures were incurred in the current and prior years.

#### c) Details of current and previous year irregular expenditure condoned

Description	2023/2024	2022/2023
Irregular expenditure condoned	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

No irregular expenditures were incurred in the current and prior years.

**d) Details of current and previous year irregular expenditure removed – (not condoned)**

Description	2023/2024	2022/2023
Irregular expenditure NOT condoned and removed.	-	-
<b>Total</b>	-	-

No irregular expenditures were incurred in the current and prior years.

**e) Details of current and previous year irregular expenditure recovered**

Description	2023/2024	2022/2023
	-	-
<b>Total</b>	-	-

No irregular expenditures were incurred in the current and prior years.

**f) Details of current and previous year irregular expenditure written off (irrecoverable)**

Description	2023/2024	2022/2023
Irregular expenditures are written off.	-	-
<b>Total</b>	-	-

No irregular expenditures were incurred in the current and prior years.

**Additional disclosure relating to Inter-Institutional Arrangements**

**g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)**

Description

None

Total

No irregular expenditures were incurred in the current and prior years.

**h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)**

Description	2023/2024	2022/2023
None	-	-
<b>Total</b>	-	-

No irregular expenditures were incurred in the current or prior years.

**i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure**

Disciplinary steps taken

None

*No irregular expenditures were incurred in the current and prior years.*

**33.2. Fruitless and wasteful expenditure**

**a) Reconciliation of fruitless and wasteful expenditure**

Description	2023/2024	2022/2023
Opening balance	84,909	13,475
Add: Fruitless and wasteful expenditure confirmed	-	76,434
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	(20,000)	(5,000)
<b>Closing balance</b>	<b>64,909</b>	<b>84,909</b>

*The fruitless and wasteful expenditure concerns the overpayment of leave credit. Payment arrangements have been made with the concerned former employee.*

*The fruitless and wasteful expenditure resulted from a salary payment to a resigned employee at the beginning of the financial year. The affected employee has acknowledged the debt and is repaying the amount.*

**Reconciling notes**

Description	2023/2024	2022/2023
Fruitless and wasteful expenditure that was under assessment in 2023/24	-	-
Fruitless and wasteful expenditure that relates to 2022/23 and identified in 2023/24	-	-
Fruitless and wasteful expenditure for the current year	-	76,434
<b>Total</b>	<b>-</b>	<b>76,434</b>

**b) Details of current and previous years fruitless and wasteful expenditure (under assessment, determination, and investigation)**

Description <sup>3</sup>	2023/2024	2022/2023
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
<b>Total<sup>4</sup></b>	<b>-</b>	<b>-</b>

*None*

**c) Details of current and previous year irregular expenditure recovered**

Description	2023/2024	2022/2023
	-	-
Total	-	-

None

**d) Details of current and previous year irregular expenditure not recovered and written off**

Description	2023/2024	2022/2023
	-	-
Total	-	-

No irregular expenditures were written off during the year under review.

**e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure**

Disciplinary steps taken

None

**33.3. Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii)**

**a) Details of current and previous year material losses through criminal conduct**

Material losses through criminal conduct	2023/2024	2022/2023
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	-	-

None

**b) Details of other material losses**

Nature of other material losses	2023/2024	2022/2023
Total		

None

### c) Other material losses recovered

Nature of losses	2023/2024	2022/2023
None	-	-
Total	-	-

### d) Other material losses are written off

Nature of losses	2023/2024	2022/2023
None	-	-
Total	-	-

## 34. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
Valid invoices received	760	53,073,536
Invoices paid within 30 days or the agreed period	758	52,625,036
Invoices paid after 30 days or the agreed period		
Invoices older than 30 days or the agreed period ( <i>unpaid and without dispute</i> )		
Invoices older than 30 days or the agreed period ( <i>unpaid and in dispute</i> )	2	448,500

*Invoices submitted late to finance for payment.*

## 35. SUPPLY CHAIN MANAGEMENT

### 35.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Procurement of Shell Stand	BHF	Sole provider	OHSC10/2024	R43,700.00
Procurement of exhibition stand for the SAMA annual conference	The Conference Company	Sole provider	OHSC70/2024	R74,750.00
Procurement of the exhibition stand for the Rand Show	Dogan Exhibition Stand	Sole provider	OHSC78/2024	R82,772.40
<b>Total</b>				<b>201,1222.40</b>

## 35.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
Tender for ICT & software	AE Software Solutions	Extension	OHSC/2/NOV/2017	R11,336,384.58	N/A	R1,401,697.05
Tender for Information System	Health Advance Institute	Extension	OHSC/03/AUG/2019	R736,575.00	N/A	R1,358,444.21
Tender for fire extinguishers	Dilebogo Tsa Modimo Trading & Projects	Extension	OHSC161/2021	R299,950.00	N/A	R118,650.00
Office space lease	Mergence Africa Property Investment Trust	Extension	N/A	R56,803,733.16	N/A	R8,116,608.00
Cleaning services	M-JNR and Olwethu Consulting	Extensions	OHSC/07/OCT/2020	R1,875,875.76	N/A	R281,381.00
Security services	Eldna Security Services	Extensions	OHSC04/DEC/2019	R2,519,171.54	N/A	R414,783.00
<b>Total</b>						<b>R11,691,563.26</b>



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Lastly in

- Electronics
- Clothes & Fashion
- Home Living
- Kids Products
- Medical
- Others

2014

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119,283

89,9

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189,128

10,283

# PART F:

## FINANCIAL INFORMATION



## 36. Report of the auditor-general to Parliament on the Office of Health Standards Compliance

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Office of Health Standards Compliance set out on pages 94 to 126, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of Health Standards Compliance as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

#### Responsibilities of the auditor-general for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 88 to 90, forms part of my auditor's report.

#### Report on the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.



11. I selected the following material performance indicators related to the compliance inspectorate presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
  - Percentage of public health establishments inspected for compliance with the norms and standards
  - Percentage of private health establishments inspected for compliance with the norms and standards
  - Percentage of additional inspections (re-inspection) conducted in public and private health establishments that have completed the regulated reporting period and where non-compliance was identified
12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
13. I performed procedures to test whether:
  - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
  - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
  - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
  - there is adequate supporting evidence for the achievements reported and for the reasons provided for any underachievement of targets.
  - the reported performance information is presented in the annual performance report in the prescribed manner
14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
15. I did not identify any material findings on the reported performance information for the selected indicators.

**Other matter**

16. I draw attention to the matter below.

**Achievement of planned targets**

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for under achievements.
18. The following table provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 26 to 53.

## Programme 2 – compliance inspectorate

Targets achieved: 40%

Budget spent: 98%

Key service delivery indicator not achieved	Planned target	Reported achievement
Percentage of private health establishments inspected for compliance with the norms and standards	19%	11,4%
Percentage of additional inspections (re-inspection) conducted in public and private health establishments that have completed the regulated reporting period and where non-compliance was identified	100%	49,4%

### Report on compliance with legislation

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
22. I did not identify any material non-compliance with the selected legislative requirements.

### Other information in the annual report

23. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.
24. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
25. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
26. I received other information prior to the date of the auditor's report. Based on the work I have performed, I have nothing to report in this regard.

### Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
28. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria

29 July 2024



AUDITOR-GENERAL  
SOUTH AFRICA

Auditing to build public confidence

## Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

#### Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit 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 public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity and to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

#### Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## 37. Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b) Section 66(3)(c); 66(5)
Treasury Regulations	Regulation 8.2.1; 8.2.2 Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; Regulation 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); 16A 9.2(a)(iii) Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Regulation 31.1.2(c) Regulation 31.2.1; 31.2.5; 31.2.7(a) Regulation 31.3.3 Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c) Regulation 33.1.1; 33.1.3
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2

Legislation	Sections or regulations
Preferential Procurement Regulations, 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction No. 9 of 2022/23	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No. 1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 3 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c) –(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 3 of 2019/20	Paragraph 5.5.1(vi) Paragraph 5.5.1(x)
NT SCM Instruction Note 11 of 2020/21	Paragraph 3.1; 3.4(a) and (b); 3.9; 6.1; 6.2; 6.7
NT SCM Instruction Note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 4 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM Instruction 8 of 2022/23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
NT Instruction Note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 5 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 2020/21	Paragraph 1
Erratum NTI 5 of 2020/21	Paragraph 2
Practice Note 7 of 2009/10	Paragraph 4.1.2
Practice Note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1(b)
NT Instruction Note 1 of 2021/22	Paragraph 4.1



### 38. Annual Financial Statements

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**Accounting Authority’s Responsibilities and Approval**

The Accounting Authority are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data. The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Authority acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.


The Accounting Authority are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Authority have reviewed the entity’s cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The annual financial statements set out on page 97, which have been prepared on the going concern basis, were approved by the Accounting Authority on 25 July 2024 and were signed on its behalf by:

  
**Dr. S Mndaweni**  
Chief Executive Officer

  
**Dr. E Kenoshi**  
Chairperson of the Board

**Accounting Authority's Report**

The Accounting Authority submit their report for the year ended 31 March 2024.

**1. Incorporation**

The OHSC is a Schedule 3A Public Finance Management Act (Act 1 of 1999) public entity established in terms of the National Health Amendment Act, 12 of 2013. It commenced its operation on the 1st of April 2015 and its Executive Authority is the Minister of Health.

**2. Review of activities****Main business and operations**

- Monitoring and enforcing compliance by health establishments with norms and standards prescribed by the Minister of Health in relation to the national health system; and
- Ensuring consideration, investigation and disposal of complaints related to noncompliance with prescribed norms and standards in a procedurally fair, economical and expeditious manner.

Net deficit of the entity was R 19,442,520 (2023: deficit R 26,365,302). The deficit was funded from the 2022/2023 financial year surplus of R29 million as approved by National Treasury.

**3. Going concern**

We draw attention to the fact that at 31 March 2024, the entity had an accumulated surplus of R 24,221,063 and that the entity's total assets exceed its liabilities by R 24,221,063. The surplus arose largely due to interest revenue generated and commitments that straddle financial years.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**4. Subsequent events**

The entity's revaluation process was concluded after the reporting period. Some of the IT equipment and office equipment were sitting at carrying amount of zero at the end of reporting period. The IT equipment and office equipment were revalued at R3,260,026 after reporting date. This is therefore an adjusting event.

**5. Accounting policies**

The annual financial statements have been prepared in accordance with the Statement of Generally Recognised Accounting Practices (GRAP), including any interpretations of such statements issued by the Accounting Standards Board as prescribed by National Treasury.



**Statement of Financial Position as at 31 March 2024**

Figures in Rand	Note(s)	2024	2023
<b>Assets</b>			
<b>Current Assets</b>			
Operating lease asset	8	-	925,117
Receivables from exchange transactions	3	1,476,153	2,484,757
Receivables from nonexchange transactions	4	76,276	158,134
Cash and cash equivalents	5	23,042,921	45,650,011
		<b>24,595,350</b>	<b>49,218,019</b>
<b>Non Current Assets</b>			
Property, plant and equipment	6	10,452,498	9,749,811
Intangible assets	7	1,795,302	1,034,590
		<b>12,247,800</b>	<b>10,784,401</b>
<b>Total Assets</b>		<b>36,843,150</b>	<b>60,002,420</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	9	6,005,508	12,418,979
Provisions	10	6,616,579	7,179,884
		<b>12,622,087</b>	<b>19,598,863</b>
<b>Total Liabilities</b>		<b>12,622,087</b>	<b>19,598,863</b>
<b>Net Assets</b>		<b>24,221,063</b>	<b>40,403,557</b>
Accumulated surplus		24,221,063	40,403,557
<b>Total Net Assets</b>		<b>24,221,063</b>	<b>40,403,557</b>

**Statement of Financial Performance**

Figures in Rand	Note(s)	2024	2023
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Interest received investment	11	2,902,237	3,337,193
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants & subsidies	12	161,546,000	157,509,000
Other income	13	1,356	1,456
<b>Total revenue from non exchange transactions</b>		<b>161,547,356</b>	<b>157,510,456</b>
<b>Total revenue</b>	<b>14</b>	<b>164,449,593</b>	<b>160,847,649</b>
<b>Expenditure</b>			
Board fees and related costs	15	(2,016,739)	(2,345,425)
Employee related costs	16	(123,732,039)	(126,115,564)
Depreciation and amortisation	17	(6,526,555)	(6,789,203)
Operating Expenses	18	(51,616,780)	(51,962,759)
<b>Total expenditure</b>		<b>(183,892,113)</b>	<b>(187,212,951)</b>
<b>Deficit for the year</b>		<b>(19,442,520)</b>	<b>(26,365,302)</b>

**Statement of Changes in Net Assets**

Figures in Rand	Accumulated surplus / deficit	Total net assets
<b>Balance at 01 April 2022</b>	<b>65,768,859</b>	<b>65,768,859</b>
Changes in net assets		
Revaluation surplus	1,000,000	1,000,000
Net surplus recognised directly in net assets	1,000,000	1,000,000
Deficit for the year	(26,365,302)	(26,365,302)
Total recognised income and expenses for the year	(25,365,302)	(25,365,302)
Total changes	(25,365,302)	(25,365,302)
<b>Balance at 01 April 2023</b>	<b>40,403,557</b>	<b>40,403,557</b>
Revaluation surplus	3,260,026	3,260,026
Net income (losses) recognised directly in net assets	3,260,026	3,260,026
Deficit for the year	(19,442,520)	(19,442,520)
Total recognised income and expenses for the year	(16,182,494)	(16,182,494)
Total changes	(16,182,494)	(16,182,494)
<b>Balance at 31 March 2024</b>	<b>24,221,063</b>	<b>24,221,063</b>

**Cash Flow Statement**

Figures in Rand	Note(s)	2024	2023
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		161,546,000	157,509,000
Interest income		2,902,237	3,337,193
Other income		1,356	1,456
		164,449,593	160,847,649
<b>Payments</b>			
Compensation of employees		(124,284,600)	(126,115,564)
Suppliers		(55,779,194)	(46,753,950)
Board payments		(2,218,427)	(2,345,425)
		(182,282,221)	(175,214,939)
<b>Net cash flows from operating activities</b>	<b>21</b>	<b>(17,832,628)</b>	<b>(14,367,290)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(954,365)	(2,484,232)
Purchase of other intangible assets	7	(3,820,097)	(2,026,867)
		(4,774,462)	(4,511,099)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(22,607,090)</b>	<b>(18,878,389)</b>
Cash and cash equivalents at the beginning of the year		45,650,011	64,528,400
<b>Cash and cash equivalents at the end of the year</b>	<b>5</b>	<b>23,042,921</b>	<b>45,650,011</b>

**Statement of Comparison of Budget and Actual Amounts**

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Interest received investment	-	-	-	2,902,237	<b>2,902,237</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	162,726,000	(1,180,000)	<b>161,546,000</b>	161,546,000	-	
Fines, Penalties and Forfeits	-	-	-	1,356	<b>1,356</b>	
<b>Total revenue from non-exchange transactions</b>	<b>162,726,000</b>	<b>(1,180,000)</b>	<b>161,546,000</b>	<b>161,547,356</b>	<b>1,356</b>	
<b>Total revenue</b>	<b>162,726,000</b>	<b>(1,180,000)</b>	<b>161,546,000</b>	<b>164,449,593</b>	<b>2,903,593</b>	
<b>Expenditure</b>						
Personnel	(108,677,771)	-	<b>(108,677,771)</b>	(123,732,039)	<b>(15,054,268)</b>	31.1
Board fees and related costs	(1,407,774)	-	<b>(1,407,774)</b>	(2,016,739)	<b>(608,965)</b>	31.2
Depreciation and amortisation	-	-	-	(6,526,555)	<b>(6,526,555)</b>	
General Expenses	(48,978,145)	1,180,000	<b>(47,798,145)</b>	(51,616,780)	<b>(3,818,635)</b>	31.3
<b>Total expenditure</b>	<b>(159,063,690)</b>	<b>1,180,000</b>	<b>(157,883,690)</b>	<b>(183,892,113)</b>	<b>(26,008,423)</b>	
<b>Deficit before taxation</b>	<b>3,662,310</b>	-	<b>3,662,310</b>	<b>(19,442,520)</b>	<b>(23,104,830)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>3,662,310</b>	-	<b>3,662,310</b>	<b>(19,442,520)</b>	<b>(23,104,830)</b>	

## Statement of Comparison of Budget and Actual Amounts

## Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Receivables from exchange transactions	-	-	-	1,476,153	<b>1,476,153</b>	
Receivables from non-exchange transactions	-	-	-	76,276	<b>76,276</b>	
Cash and cash equivalents	-	-	-	23,042,921	<b>23,042,921</b>	
	-	-	-	24,595,350	<b>24,595,350</b>	
<b>Non-Current Assets</b>						
Property, plant and equipment	673,500	-	<b>673,500</b>	10,452,498	<b>9,778,998</b>	
Intangible assets	2,988,810	-	<b>2,988,810</b>	1,795,302	<b>(1,193,508)</b>	
	<b>3,662,310</b>	-	<b>3,662,310</b>	<b>12,247,800</b>	<b>8,585,490</b>	
<b>Total Assets</b>	<b>3,662,310</b>	-	<b>3,662,310</b>	<b>36,843,150</b>	<b>33,180,840</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	-	-	-	6,005,503	<b>6,005,503</b>	
Provisions	-	-	-	6,616,579	<b>6,616,579</b>	
	-	-	-	<b>12,622,082</b>	<b>12,622,082</b>	
<b>Total Liabilities</b>	-	-	-	<b>12,622,082</b>	<b>12,622,082</b>	
<b>Net Assets</b>	<b>3,662,310</b>	-	<b>3,662,310</b>	<b>24,221,068</b>	<b>20,558,758</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	3,662,310	-	<b>3,662,310</b>	24,221,063	<b>20,558,753</b>	

**Significant Accounting Policies**

Figures in Rand	Note(s)	2024	2023
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**1. Significant accounting policies**

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

**1.1 Basis of preparation**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 55(1)(b) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These accounting policies are consistent with the previous period.

**1.2 Presentation currency**

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

**1.3 Going concern assumption**

The annual financial statements have been prepared on a going concern basis and the Accounting Authority has no reason to believe that the entity will not be a going concern in the foreseeable future. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlements of liabilities, contingent obligations and commitment will occur in the ordinary course of business.

**1.4 Transfer of functions between entities under common control Accounting by the entity as acquirer****Initial recognition and measurements**

As of the transfer date, the entity recognises the assets transferred and liabilities assumed in a transfer function. The assets acquired and liabilities assumed are measured at their carrying values.

The difference between the carrying amounts of the assets acquired, the liabilities assumed and the consideration paid to the transferor, is recognised in accumulated surplus.

**1.5 Significant judgements and sources of estimation uncertainty**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. However, no material differences are envisaged.

**Impairment testing**

The recoverable amounts of cashgenerating units and individual assets have been determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of property, plant and equipment and tangible assets.

**Provisions**

Provisions were measured based on the probable estimated future cash outflows that may be needed to settle the obligation that may arise. Additional disclosure of these estimates of provisions are included in note 10 Provisions.

**Significant Accounting Policies****1.5 Significant judgements and sources of estimation uncertainty (continued)****Effective interest rate**

**The entity uses an appropriate interest rate taking into account guidance provided in the standards, and applying professional judgement to the specific circumstances to discount future cash flows. The entity uses the prime interest rate to discount future cash flows.**

**Depreciation and amortisation**

Depreciation and amortisation amounts on property, plant and equipment, as well as intangible assets, were calculated based on expected useful lives of the underlying assets. The estimation of the assets' useful lives is based on the management judgement related to the assets condition at the end of the period use. The estimates take into account the nature of the OHSC's business and how the assets will be utilised in the normal operation of the OHSC, including the impact of advancing technology.

**1.6 Property, plant and equipment**

Property, plant and equipment are tangible noncurrent assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a nonexchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a nonmonetary asset or monetary assets, or a combination of monetary and nonmonetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for Motor vehicles, IT equipment and office equipment which are carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Property, plant and equipment are depreciated on the straightline basis over their expected useful lives to their estimated residual value.



**Significant Accounting Policies****1.6 Property, plant and equipment (continued)**

Items of property, plant and equipment are derecognised when an asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the proceeds from disposal and the carrying value of the asset, and is recognised in the statement of financial performance.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straightline	10 years
Motor vehicles	Straightline	5 years
Office equipment	Straightline	5 years
IT equipment	Straightline	4-5 years
Leasehold improvements	Straightline	Lease period

**1.7 Intangible assets**

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a nonexchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Where the carrying amount of an item of intangible asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged at the statement of financial performance.

Item of intangible assets are derecognised when the asset is disposed of or when there are further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the proceeds from the disposal and the carrying value of the assets, and recognised in the statement of financial performance.

Amortisation is provided to write down the intangible assets, on a straightline basis, to their residual values as follows:

**Significant Accounting Policies**

Item	Depreciation method	Average useful life
Computer software	Straight-line	5 years or license period

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

**1.8 Financial instruments**

In the course of the OHSC operations it is exposed to interest rate, credit, liquidity and market risk. The risk management process relating to each of these risks is discussed under the headings below.

**Credit risk**

Financial assets which potentially subject the OHSC to the risk of nonperformance by the counterparties and hereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents and receivable from exchange transactions.

The OHSC manages/limits its treasury counterparty exposure by only dealing with well established financial institutions approved by the National Treasury through the approval of the investment policy in terms of Treasury Regulations.

**Market risk**

The OHSC is exposed to fluctuations in the employment market, for example, sudden increases in events, unemployment and changes in the wage rates. No significant event occurred during the year that the OHSC is aware of.

**Liquidity risk**

The OHSC manages liquidity risk through proper management of working capital, capital expenditure and actual expenditure vs. forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained.

**Fair values**

The OHSC's financial instruments consists mainly of cash and cash equivalents. No financial instruments were carried at an amount in excess of its fair value and fair values could be measured for all financial instruments. The following methods and assumptions are used to determine the fair value of each class of financial instrument.

**Investments**

Investments consists of shortterm deposits invested in registered commercial banks, and are measured at fair value. Interest on investment is calculated using the effective interest method and is recognised in the statement of financial performance as revenue from exchange transactions.

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred or when substantially all risk and reward of ownership have been transferred.

**Cash and cash equivalents**

Cash and cash equivalents is made of cash on hand, cash held at banks and deposits with banks. The carrying amount of cash and cash equivalents approximates fair value.

**Other receivables from exchange transactions.**

The carrying amount of other receivables from exchange transactions approximates fair values due to the relatively shortterm maturity of these assets.

**Trade and other receivable**

Trade and other receivables are recognised as financial assets; loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus/deficit when there is an objective believe that the asset is impaired. Significant financial difficulties of the debtor, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured for all the debtors with an indication of impairment. Impairments are determined based on the risk profile of each debtor. Amounts that are receivable within 12 months from the reporting date are classified as current. The carrying amount of an asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance within the operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognised as recoveries in the statement of financial performance.

**Significant Accounting Policies****1.8 Financial instruments (continued)****Trade and other payables**

Financial liabilities consist of payables and borrowings. They are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method, which is the initial carrying amount, less repayments and, plus interest.

**Derecognition****Financial assets**

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

- The contractual rights to the cash flows from the financial asset expire, are settled or waived;
- The entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- The entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - Derecognises the asset; and
  - Recognise separately any rights and obligations created or retained in the transfer.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

**Financial liabilities**

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a nonexchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Nonexchange Transactions (Taxes and Transfers).

**Significant Accounting Policies****1.9 Tax****Tax expenses**

The OHSC is exempt from income tax in terms of section 10 (1) of the Income Tax Act No 58 of 1962.

**1.10 Operating leases – lessor**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

**Operating leases – lessee**

Operating lease revenue is recognised as revenue on a straightline basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straightline basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straightline basis.

Income for leases is disclosed under revenue in statement of financial performance.

**Operating leases lessee**

Operating lease payments are recognised as an expense on a straightline basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

**1.11 Employee benefits****Shortterm employee benefits**

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and nonmonetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

**Defined contribution plans**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

**1.12 Provisions and contingencies**

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

**Significant Accounting Policies****1.12 Provisions and contingencies (continued)**

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

**1.13 Commitments**

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

**1.14 Revenue from exchange transactions**

Revenue from exchange transactions refers to revenue that accrued to the entity directly in turn for services rendered or goods sold, the value of which approximates the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefit will flow to the OHSC and revenue can be reliably measured. Revenue is measured at fair value of the consideration receivable on an accrual basis. Revenue included investments and nonoperating income exclusive of rebates and discounts.

**Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

**Interest received**

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

**1.15 Revenue from non-exchange transactions**

Revenue from non-exchange transactions refers to transactions where the entity received revenue from another entity without giving approximately equal value in exchange. Revenue from non-exchange transaction is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

**Government grants**

Government grants are recognised as revenue when:

- it is probable that the economic benefit or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

**1.16 Borrowing costs**

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

**1.17 Fruitless and wasteful expenditure**

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

## Significant Accounting Policies

### 1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2022/2023 which was issued in terms of sections 76(1)(b), (e) and (f), (2)(e) and (4)(a) and (c) of the PFMA requires the following (effective from 03 January 2023):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonation is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

### 1.19 Budget information

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2023 to 31/03/2024.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

The annual financial statements and the budget are on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 30.

### 1.20 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

**Significant Accounting Policies****1.20 Related parties (continued)**

The following parties are deemed to be related parties of the OHSC:

- Controlling party refers to the National Department of Health (NDoH) which the OHSC reports to, and from where the OHSC receives its funding.
- This includes the Executive Authority of the NDoH.
- The Board of the OHSC this refers to persons appointed by the Minister of Health in terms of section 79A, 79B and 79C of the National Health Amendment Act 2013. In this category are all the Committees of the Board as constituted by the Board from time to time.
- Key management personnel this includes all persons having the authority and responsibility for planning, directing and controlling the operational activities of the entity. Such personnel include the Chief Executive Officer, Chief Financial Officer, Chief Operations Officer and other members of the Executive Management Committee.
- Close family members of key management personnel and Board members of the OHSC.
- In accordance with GRAP 20, as a minimum, the following shall be considered to be close family members:
  - that person's children and spouse or domestic worker;
  - children of that person or that person's spouse or domestic worker
  - dependants of that person or that person's spouse or domestic worker;
  - a grandparent, grandchild, parent, brother, or sister; and
  - a parentinlaw, brotherinlaw and sisterinlaw.
- Entities under the same control refers to public entities that are under the control of the NDoH, under which the OHSC reports.

**1.21 Events after reporting date**

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (nonadjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

**1.22 Segment reporting**

A segment is an activity of an entity:

- (a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- (b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- (c) for which separate financial information is available.

The OHSC operates from one office located in Pretoria, South Africa.

**1.23 Comparative figures**

Where prior period accounting errors are identified in the current period, prior year comparative figures are restated retrospectively to align to changes in the current period. The presentation and classification of both the prior period and current period are consistent, and the nature and the reason of the classification and/or restatement are disclosed in the annual financial statements.

**Significant Accounting Policies**

Figures in Rand	2024	2023
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**2. New standards and interpretations****2.1 Standards and interpretations not yet effective or relevant**

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods but are not relevant to its operations:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
GRAP 1: Presentation on financial statements	Not yet effective	Not expected to impact results but may result in additional disclosure
GRAP 103: Heritage assets	Not yet effective	Not expected to impact results but may result in additional disclosure
GRAP 104: Financial instruments	Not yet effective	Not expected to impact results but may result in additional disclosure
GRAP 105: Transfer of functions between entities under common control	Not yet effective	Not expected to impact results but may result in additional disclosure
GRAP 106: Transfer of functions between entities not under common control	Not yet effective	Not expected to impact results but may result in additional disclosure
GRAP 107: Mergers	Not yet effective	Not expected to impact results but may result in additional disclosure
Amendment: Improvements to standards of GRAP	Not yet effective	Not expected to impact results but may result in additional disclosure

**3. Receivables from exchange transactions**

Prepaid expenses	1,476,153	2,484,757
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**4. Receivables from nonexchange transactions**

Sundry debtors	76,276	158,134
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**5. Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand	4,420	4,000
Bank balances	4,665,850	14,175,597
Shortterm deposits	18,372,651	31,470,414
	<b>23,042,921</b>	<b>45,650,011</b>



Notes to the Annual Financial Statements

6. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Office equipment	3,305,054	(1,902,918)	1,402,136	3,200,751	(2,738,011)	462,740
Furniture and fixtures	6,290,813	(3,728,230)	2,562,583	6,290,813	(3,119,447)	3,171,366
Motor vehicles	1,000,000	(200,000)	800,000	1,000,000	-	1,000,000
IT equipment	13,017,489	(7,348,443)	5,669,046	12,999,706	(8,127,537)	4,872,169
Leasehold improvements	1,102,255	(1,083,522)	18,733	1,102,255	(858,719)	243,536
<b>Total</b>	<b>24,715,611</b>	<b>(14,263,113)</b>	<b>10,452,498</b>	<b>24,593,525</b>	<b>(14,843,714)</b>	<b>9,749,811</b>

Reconciliation of property, plant and equipment 2024

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Office equipment	462,740	104,303	-	1,021,253	(186,160)	1,402,136
Furniture and fixtures	3,171,366	-	-	-	(608,783)	2,562,583
Motor vehicles	1,000,000	-	-	-	(200,000)	800,000
IT equipment	4,872,169	850,062	(44,534)	2,238,773	(2,247,424)	5,669,046
Leasehold improvements	243,536	-	-	-	(224,803)	18,733
	<b>9,749,811</b>	<b>954,365</b>	<b>(44,534)</b>	<b>3,260,026</b>	<b>(3,467,170)</b>	<b>10,452,498</b>

Reconciliation of property, plant and equipment 2023

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Office equipment	606,750	62,197	(1,683)	-	(204,524)	462,740
Furniture and fixtures	3,788,471	-	(6,043)	-	(611,062)	3,171,366
Motor vehicles	163,214	-	-	1,000,000	(163,214)	1,000,000
IT equipment	4,752,690	2,422,035	(82,947)	-	(2,219,609)	4,872,169
Leasehold improvements	468,338	-	-	-	(224,802)	243,536
	<b>9,779,463</b>	<b>2,484,232</b>	<b>(90,673)</b>	<b>1,000,000</b>	<b>(3,423,211)</b>	<b>9,749,811</b>

## Notes to the Annual Financial Statements

## 7. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	10,083,857	(8,288,555)	1,795,302	9,107,276	(8,072,686)	1,034,590

## Reconciliation of intangible assets 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	1,034,590	3,820,097	(3,059,385)	1,795,302

## Reconciliation of intangible assets 2023

	Opening balance	Additions	Amortisation	Total
Computer software, other	2,373,715	2,026,867	(3,365,992)	1,034,590

## 8. Operating lease asset (liability)

Current assets	-	925,117
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## 9. Payables from exchange transactions

Trade payables	536,387	3,077,803
Accrued expenses	5,469,121	9,341,176
	<b>6,005,508</b>	<b>12,418,979</b>

## Notes to the Annual Financial Statements

## 10. Provisions

Reconciliation of provisions 2024				
	Opening Balance	Additions	Reversed during the year	Total
Provision for motor vehicle repairs	-	322,717	-	322,717
Provision for leave	7,179,884	-	(886,022)	6,293,862
	7,179,884	322,717	(886,022)	6,616,579

Reconciliation of provisions 2023			
	Opening Balance	Additions	Total
Provision for leave	5,605,070	1,574,814	7,179,884

**Provision for motor vehicles repairs**

The five vehicles were damaged by the OHSC employee, including one Avis rental car and four Hertz rental cars. The OHSC is obligated to reimburse rental car companies for the damages incurred. It is uncertain when payment will be made. An investigation is currently underway into the matter at hand. The expected reimbursement concerning this provision will be ascertained subsequent to the conclusion of the investigation and other internal processes.

**Provision for leave**

Employees' entitlement to annual leave is recognised when it accrues from 01 January to 31 December and will be forfeited on 30 June the following year. A provision is made on the estimated liability for annual leave as a result of services rendered by employees up to the amount of the obligation.

There is no expected reimbursement in respect of this provision.

## 11. Investment revenue

Interest revenue		
Bank	2,902,237	3,337,193

Interest from call investment account.

## 12. Government grants &amp; subsidies

Operating grants		
Government grant	161,546,000	157,509,000

## 13. Other income

Administration fees	1,356	1,456
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## 14. Revenue

Interest received investment	2,902,237	3,337,193
Government grants & subsidies	161,546,000	157,509,000
Other income	1,356	1,456
	164,449,593	160,847,649

**Notes to the Annual Financial Statements****14. Revenue (continued)****The amount included in revenue arising from exchanges of goods or services are as follows:**

Interest received – investment	2,902,237	3,337,193
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**The amount included in revenue arising from nonexchange transactions is as follows:****Transfer revenue**

Government grants & subsidies	161,546,000	157,509,000
Other income	1,356	1,456
	<b>161,547,356</b>	<b>157,510,456</b>

**15. Board fees and related expenses**

Board fees and reimbursements	1,815,415	1,652,354
Other expenditures	201,324	693,071
	<b>2,016,739</b>	<b>2,345,425</b>

**16. Employee related costs**

Basic salary	92,433,475	90,337,453
Services and performance bonus	5,642,337	5,427,157
Medical aid company contributions	3,963,849	3,605,260
Unemployment Insurance Fund	317,400	351,003
Compensation Fund	216,652	159,449
Leave paid and provided for	461,647	3,359,886
Pension fund employer contribution	9,875,046	8,908,418
Overtime payments	104,117	-
Longservice awards	48,492	55,600
Other nonpensionable allowances	9,757,140	12,948,887
Inconvenience allowance	834,480	962,451
Termination payments	77,404	-
	<b>123,732,039</b>	<b>126,115,564</b>

**17. Depreciation and amortisation**

Property, plant and equipment	3,467,170	3,423,
Intangible assets	3,059,385	3,365,992
	<b>6,526,555</b>	<b>6,789,203</b>

**Notes to the Annual Financial Statements****18. General expenses**

Advertising	319,619	777,729
Audit cost (Refer to Note 19)	1,395,536	1,323,595
Bank charges	137,510	156,451
Cleaning	652,582	617,804
Consulting and professional fees	1,553,234	1,617,336
Consumables	379,662	387,234
Legal fees	1,445,766	922,883
Insurance	158,824	569,422
IT maintenance and support	3,429,014	3,201,493
Marketing and publication	1,430,861	294,604
Motor vehicle expenses	497,088	185,230
Staff relocation	67,105	81,535
Postage and courier	28,797	6,328
Printing and stationery	781,780	1,170,040
Security expenses	910,039	920,292
Subscriptions and membership fees	424,682	169,803
Telephone and fax	1,832,826	1,737,902
Training and skills development	943,277	670,056
Travel, subsistence and accommodation (Refer to Note 20)	18,683,314	20,644,290
Water, Electricity, rates and taxes	3,242,357	3,422,767
Repairs and maintenance	388,128	665,984
Catering services	114,610	154,712
Lease costs	12,103,020	11,462,039
Loss on asset writtenoff	44,533	90,673
Venue and facilities	652,616	712,557
	<b>51,616,780</b>	<b>51,962,759</b>

**19. Audit cost**

Internal audit	584,527	551,754
External audit	811,009	771,841
	<b>1,395,536</b>	<b>1,323,595</b>

**Notes to the Annual Financial Statements****20. Travel, subsistence and accommodation**

Travel	8,740,475	11,747,392
Accommodation	7,397,522	6,070,217
Subsistence	2,545,317	2,826,681
	<b>18,683,314</b>	<b>20,644,290</b>

**21. Cash used in operations**

Deficit	(19,442,520)	(26,365,302)
Adjustments for:		
Depreciation and amortisation	6,526,555	6,789,203
Movements in operating lease assets and accruals	925,117	(1,243,069)
Movements in provisions	(563,305)	1,574,814
Loss on asset writtenoff	44,532	90,673
Changes in working capital:		
Receivables from exchange transactions	1,008,604	(1,236,611)
Other receivables from nonexchange transactions	81,858	56,856
Payables from exchange transactions	(6,413,469)	5,966,146
	<b>(17,832,628)</b>	<b>(14,367,290)</b>

**22. Financial instruments disclosure****Categories of financial instruments****2024****Financial assets**

	At amortised cost	Total
Other receivables from nonexchange transactions	76,276	76,276
Cash and cash equivalents	23,042,921	23,042,921
	<b>23,119,197</b>	<b>23,119,197</b>

**Financial liabilities**

	At amortised cost	Total
Trade and other payables from exchange transactions	6,005,507	6,005,507

## Notes to the Annual Financial Statements

## 22. Financial instruments disclosure (continued)

2023

## Financial assets

	At amortised cost	Total
Other receivables from nonexchange transactions	158,134	158,134
Cash and cash equivalents	45,650,011	45,650,011
	<b>45,808,145</b>	<b>45,808,145</b>

## Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	12,418,979	12,418,979

## 23. Commitments

## Capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	754,114	-
• Intangible assets	979,871	148,659
	<b>1,733,985</b>	<b>148,659</b>

Total capital commitments

Already contracted for but not provided for	1,733,985	148,659
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The above capital commitments were made by year end, but the services will only be rendered after the end of the financial year.

Operating leases Office space

Minimum lease payments due

-within one year	4,734,688	6,627,102
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The OHSC has an outstanding commitment in respect of lease of office space with Mergence Africa Property Investment Trust. The lease agreement expires on the 31 October 2024. No annual escalation rate.

Operating leases Photocopying machine

Minimum lease payments due

-within one year	191,221	3,368
-in second to fifth year inclusive	226,719	-
	<b>417,940</b>	<b>3,368</b>

**Notes to the Annual Financial Statements****24. Contingencies****Retention of the surplus**

Based on the National Treasury's calculation, the OHSC had a surplus of R11,973,262, which is the difference between current assets and current liabilities. In accordance with Section 53(3) of the PFMA, a request to retain the 2023/2024 financial year surpluses of R11,973,262 will be submitted to National Treasury for approval.

**Alleged unfair suspension**

Two employees were suspended, and they took the matter to the Commission for Conciliation, Mediation and Arbitration (CCMA), where the CCMA ruled in favour of the two employees. The OHSC was ordered to pay each employee two months' salary amounting to a combined R460,550.00 in total for both employees. The OHSC lodged a Labour Court review application on the ruling. The Labour Court is yet to issue set down date on this matter.

**Alleged unfair dismissal**

Following an internal disciplinary process, an employee was dismissed. The employee took the matter to the CCMA and the CCMA ruled in favour of the OHSC. The employee has taken the matter to the Labour Court for a review.

**Alleged unfair dismissal**

Following an internal disciplinary process, an employee was dismissed. The employee took the matter to the CCMA and the matter is yet to be heard by the CCMA

**25. Related parties**

Relationships

Controlling entity National Department of Health

The OHSC has a related party relationship with NDoH as the Executive Authority of the entity

**Related party balances****Grant received**

National Department of Health	161,546,000	157,509,000
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**Remuneration of management: NonExecutive Members**

2024

Name	Board fees	Reimbursement	Total
Dr. M.E. Kenoshi (Chairperson of the Board)	177,025	2,753	179,778
Dr. R. Morar (Vice Chairperson of the Board)	63,353	-	63,353
Dr. M. Peenze	188,012	-	188,012
Prof. U Chikte	209,185	-	209,185
Ms. T Msibi	-	20,423	20,423
Prof. M. Chetty	185,377	-	185,377
Prof. L. Dudley	101,560	-	101,560
Ms. P. Santho	179,792	338	180,130
Ms. S. Mchunu	117,814	2,400	120,214
Prof. R. Mahabeer	236,008	2,706	238,714
Mr. A. Yawa	230,731	9,000	239,731
Dr. G. Lourens*	88,938	-	88,938
	<b>1,777,795</b>	<b>37,620</b>	<b>1,815,415</b>

\*Dr. G. Lourens was appointed on 27 July 2023.



## Notes to the Annual Financial Statements

2023

Name	Board fees	Reimbursement	Total
Dr. M.E. Kenoshi (Chairperson of the Board)	224,498	16,162	240,660
Ms. O.A. Montsiwa (Vise Chairperson of the Borad)	7,794	17,051	24,845
Dr. R. Morar (Vice Chairperson of the Board)	-	-	-
Dr. L. Simelane	192,953	972	193,925
Dr. M. Peenze	226,976	3,122	230,098
Prof. K. Houseman	80,095	-	80,095
Prof. K. Mfenyana	133,887	-	133,887
Mr. A. Hoosain	93,883	-	93,883
Prof. M Chetty	145,957	-	145,957
Prof. U Chikte	265,558	381	265,939
Ms. T Msibi	-	26,580	26,580
Prof. L. Dudley	43,024	-	43,024
Ms. P. Santho	35,466	-	35,466
Ms. S. Mchunu	35,466	1,949	37,415
Mr. R. Mahabeer	51,838	1,405	53,243
Mr. A. Yawa	46,155	1,080	47,235
	<b>1,583,550</b>	<b>68,702</b>	<b>1,652,252</b>

## Notes to the Annual Financial Statements

## 2.5 Related parties (continued)

## Remuneration of management: Executive Members

2024

Name	Basic salary	Pension fund	Nonpensionable allowances and other payments	Reimbursement	Acting allowance	Total
Dr. S. Mndaweni (Chief Executive Officer)	1,428,667	204,430	686,945	-	-	2,320,042
Dr. M. Mathebula (Chief Operations Officer)	1,310,018	171,222	382,809	4,523	-	1,868,572
Prof. M. Makgoba (Former Ombud)*	490,702	-	454,185	3,513	-	948,400
Prof. T. Mokoena** (New Ombud)	2,024,025	-	1,771	10,816	-	2,036,612
Mr. J. Mapatha (Chief Financial Officer)	1,033,200	134,316	310,609	1,245	57,147	1,536,517
Ms. D. Tsukudu (Executive Manager: Compliance Inspectorate)***	135,424	17,605	258,845	-	-	411,874
Dr. D. Jacobs (Executive Manager: Complaints Management)	1,145,128	148,867	344,928	2,610	-	1,641,533
Mrs. W. Moleko (Executive Manager: HSDAS)	988,692	128,530	296,760	10,303	-	1,424,285
Prof. L. Dudley (Acting Chief Executive Officer)****	401,259	-	76,628	-	-	477,887
	<b>8,957,115</b>	<b>804,970</b>	<b>2,813,480</b>	<b>33,010</b>	<b>57,147</b>	<b>12,665,722</b>

\*The contract of Prof. M. Makgoba expired until 30 June 2023.

\*\*Prof. T. Mokoena was appointed on 01 June 2023.

\*\*\*Ms. D. Tsukudu employment was terminated on 13 May 2023.

\*\*\*\*Dr. L. Dudley appointed as Acting Chief Executive Officer from 25 July 2023 to 08 September 2023.

## OFFICE OF HEALTH STANDARDS COMPLIANCE

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

2023

Name	Basic salary	Pension fund	Nonpensionable allowances and other payments	Services and performance bonus	Reimbursement	Acting allowance	Total
Dr. S. Mndaweni (Chief Executive Officer)	1,460,877	189,914	664,228	8,795	782	-	2,324,596
Prof. M. Makgoba (Ombud)	1,621,582	-	722,450	-	6,544	-	2,350,576
Mr. J. Mapatha (Chief Financial Officer)	980,664	127,486	234,179	87,041	10,515	76,300	1,516,185
Ms. W. Moleko (Executive Manager: HSDAS)	937,828	121,918	302,474	83,239	23,437	-	1,468,896
Ms. D Tsukudu (Executive Manager: Compliance Inspectorate)	1,056,457	137,339	336,690	1,204	1,130	-	1,532,820
Dr. D Jacobs (Executive Manager: Complaints Management)	1,088,386	141,490	347,426	-	1,675	-	1,578,977
Dr. M. Mathebula (Chief Operations Officer)	104,532	13,589	24,371	-	1,716	-	144,208
	<b>7,250,326</b>	<b>731,736</b>	<b>2,631,818</b>	<b>180,279</b>	<b>45,799</b>	<b>76,300</b>	<b>10,916,258</b>

## 26. Risk management

### Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

### Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

As at 31 March 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Current liabilities	12,622,087	-	-	-

As at 31 March 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Current liabilities	19,598,863	-	-	-

### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

### Market risk

#### Interest rate risk

By the end of the financial year, the OHSC had significant cash invested in a short term investment account. The OHSC generally adopted an approach ensuring that its exposure to changes in interest rate is on floating rate basis. The OHSC does not have any interestbearing borrowing and as a result, there is no adverse exposure relating to interest rate movement in borrowings.

## 27. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern and Accounting Authority has no reason to believe that the entity will not be a going concern in the foreseeable future.

This basis presumes that funds will be available to finance future operations and the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## 28. Events after the reporting date

At the end of 31 March 2024. The entity changed its accounting policy for IT equipment and Office equipment from the cost model to the revaluation model. Management takes the view that this policy provides more reliable and relevant information because it is based on up to date values. The policy has been applied prospectively from the end of 31 March 2024, as it was not practical to estimate the effects of applying the policy either retrospectively or prospectively from any earlier date.

The adoption of the new policy has no effect on prior periods. The effect on the current period is to increase the carrying amount of property, plant and equipment at the end of the period by R3,260,026 and to create a revaluation reserve at the end of the period of R3,260,026.

## 29. Irregular expenditure and fruitless and wasteful expenditure

Irregular expenditure	-	-
Fruitless and wasteful expenditure	-	76,434
<b>Closing balance</b>	<b>-</b>	<b>76,434</b>

### 30. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net deficit per the statement of financial performance	(19,442,520)	(26,365,302)
<b>Adjusted for:</b>		
(Over)/under collection	(2,903,593)	(3,338,649)
Over/(under) budget expenditure	26,008,423	36,830,875
<b>Net surplus per approved budget</b>	<b>3,662,310</b>	<b>7,126,924</b>

### 31. Budget differences

#### Material differences between budget and actual amounts

#### 31.1 Compensation of employees

- The OHSC implements salary increases as per the schedules issued by the Department of Public Service and Administration. The salary increases were not budgeted for. However, they were accommodated through the surplus retained.
- In addition the compensation of employees included other employees on shortterm contract. This compensation was accommodated through the surplus retained from the 2022/23 financial year.

#### 31.2 Board fees and related costs

- During the year under review, there were more Board meetings than anticipated, and as a result additional Board fees were incurred. The extra costs for these meetings were defrayed from savings on other budget items.

#### 31.3 Operating expenses

- During the National Treasury's MediumTerm Budget Policy Statement, budget cuts were implemented across all organs of state, As a result the original OHSC allocation was reduced by R1,180,000, which the OHSC carried through interest received from investments.
- Operating costs comprise largely of travel, subsistence and accommodation, as well as leasing of office space. In general, operating expenditure was contained within the overall allocated budget, interest received on investments, and the surplus from the 2022/23 financial year.

### 32. Segment information

#### Identification of segments

As per the strategic plan and annual performance plan, the OHSC is structured around its core mandate as stipulated in the National Health Act, 2003. The objective of the OHSC are to protect and promote the health and safety of users of health services, by monitoring and enforcing compliance by health establishments with prescribed norms and standards, as well as ensuring consideration and disposal of complaints relating to noncompliance with norms and standards. As a results, all financial resources and risks are allocated to the OHSC as a whole to deliver on the core mandate of the OHSC.

Although the OHSC, through its mandate, renders a service to the entire Republic of South Africa, it operates from a single location based in Pretoria, South Africa. It is against this background that management considers the entity as a single segment, whose financial results and position have been adequately disclosed in the annual financial statements.

### 33. BBBEE Performance

Information on compliance with the BBBEE Act is included in the annual report under the section titled BBBEE Compliance Performance Information.

### 34. Changes in accounting policy

#### Property, plant and equipment

At the end of 31 March 2024, the entity changed its accounting policy for IT equipment and office equipment from the cost model to the revaluation model. Management takes the view that this policy provides more reliable and relevant information because it is based on up-to-date values. The policy has been applied prospectively from the end of 31 March 2024, as it was not practical to estimate the effects of applying the policy either retrospectively or prospectively from any earlier date. The adoption of the new policy has no effect on prior periods. The effect on the current period is to increase the carrying amount of property, plant and equipment at the end of the period by R3,260,026 and to create a revaluation reserve at the end of the period of R3,260,026.

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 31 March 2024 is as follows:

#### Statement of Financial Position

#### Property, plant and equipment

Previously stated	3,811,153	1,537,148
Adjustment	3,260,026	(537,148)
	<b>7,071,179</b>	<b>1,000,000</b>



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