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

Office of Health Standards Compliance

Annual Report

2018/19

A better health system for all

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Ensuring quality and safety in health care

OFFICE OF HEALTH STANDARDS COMPLIANCE

ANNUAL REPORT 2018/19

A better healthcare system for all

The OHSC: A brief overview

The Office of Health Standards Compliance (OHSC) is a listed Schedule 3A public entity in terms of the Public Finance Management Act (PFMA).

The overall purpose of the OHSC as an independent entity is to protect and promote the health and safety of users of health services.

In brief, the OHSC is mandated to amongst others:

- Advise the Minister of Health on the determination of standards and norms to be prescribed for the National Health System;
- Inspect and certify health establishments (HEs) as compliant or non-compliant with prescribed norms and standards;
- Investigate complaints relating to breaches of prescribed norms and standards; and
- publish any information relating to prescribed norms and standards.

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PART A

GENERAL INFORMATION

ONE

GENERAL INFORMATION

REGISTERED NAME	OFFICE OF HEALTH STANDARDS COMPLIANCE
PHYSICAL ADDRESS	79 Steve Biko Road Prinshof Pretoria 0084
POSTAL ADDRESS	Private Bag X21 Arcadia 0007
TELEPHONE NUMBER/S	+27 12 942 7700
EMAIL ADDRESS	mmakgopa-madisa@ohsc.org.za
WEBSITE ADDRESS	www.ohsc.org.za
EXTERNAL AUDITOR	Auditor-General of South Africa
BANKERS	Standard Bank
ACTING BOARD SECRETARY	Advocate Makhwedi Makgopa-Madisa

LIST OF ACRONYMS

AGSA	Auditor-General of South Africa
ARFC	Audit, Risk and Finance Committee
B-BBEE	Broad-Based Black Economic Empowerment
CEC	Certification and Enforcement Committee
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHC	Community Health Centre
DoH	Department of Health
DHIS	District Health Information System
FY	Financial Year
HE	Health Establishment
HPCSA	Health Professions Council of South Africa
HRREMCO	Human Resources and Remuneration Committee
MEC	Member of Executive Council
MOU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
NCOP	National Council of Provinces
NCS	National Core Standards
NHA	National Health Act, 2003 (Act No. 61 of 2003)
NHC	National Health Council
NHI	National Health Insurance
NDP	National Development Plan
NPQ	National Policy on Quality in Healthcare
OHSC	Office of Health Standards Compliance
PAIA	Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
PFMA	Public Finance Management Act, 1999 (Act No.1 of 1999)
PoPI	Protection of Personal Information Act, 2013 (Act No. 4 of 2013)
SANC	South African Nursing Council
SCM	Supply Chain Management
SMME	Small Medium and Micro Enterprises
SOP	Standard Operating Procedures
TR	Treasury Regulations
NDoH	National Department of Health
EWS	Early Warning System

THREE

FOREWORD BY THE ACTING CHAIRPERSON

The financial year 2018/19 was successful for the Office of Health Standards Compliance (OHSC), since the organisation was able to deliver on its Annual Performance Plan, including inspection of selected public health establishments across all nine provinces of South Africa. The inspection of public health establishments has enabled the OHSC to acquire robust baseline inspection data which will strengthen the organisation's work as a regulator of healthcare services in the country.

The OHSC is pleased to submit its Annual Report for the 2018/19 financial year, which provides key deliverables and how the organisation has advanced the promotion and protection of the health and safety of the users of health establishments.

The core function of the OHSC is to monitor the provision of quality healthcare services utilising the norms and standards regulations applicable to different categories of health establishments promulgated in February 2018 and came into effect in February 2019. These norms and standards introduce inspections compliance coverage in both public and private health establishments.

The Health Ombud released an investigation report into allegations of patient mismanagement and patient rights violations at the Tower Psychiatric Hospital and Psychosocial Rehabilitation Centre in the Eastern Cape (Tower report). The OHSC continues to monitor implementation of the Ombud's recommendations in the Life Esidimeni and Tower investigation reports.

The OHSC has a critical role in the implementation of universal healthcare through certification of health establishments as outlined in the National Health Insurance (NHI) Policy. During 2018/19 financial year, the OHSC conducted inspections in 730 public health establishments.These inspections included 631 clinics, 50 hospitals and 49 Community Health Centres (CHCs). The provincial distribution of inspections were hundred and fifty-four (154) facilities inspected in the Eastern Cape Province, 117 facilities in KwaZulu-Natal Province, 113 facilities in Limpopo Province, Free State Province, 51 facilities, Gauteng Province, 86 facilities, Mpumalanga Province, 63 facilities, North West Province, 61 facilities, Northern Cape Province, 35 facilities, and Western Cape Province, 50 facilities.

Guidance and training material is being revised and aligned to the promulgated norms and standards applicable to categories of health establishments.

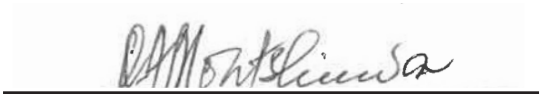
The material will assist health establishments to understand, interpret the measures and improve compliance with the standards.

All inspectors, compliance assessors and investigators completed an intensive training programme aligned to the regulations. This will allow certification of OHSC inspectors, assessors and investigators in line with the legislation.

The OHSC embarked on national consultative workshops joined by the National Department of Health with various stakeholders both in the public and private sector. The national consultative workshops were attended by representatives from all provinces and relevant authorities. The consultations were aimed at communicating the work of the OHSC as a regulator in the healthcare sector, requirements of the promulgated norms and standards regulations and engage in further discussions and receive input on the development of tools to be used during inspections.

The dawn of the new financial year marks the first year the OHSC utilising promulgated regulations to certify health establishments as compliant and issue certificates of compliance and those which fall short certify as non-compliant with regulations.

The OHSC remains steadfast and committed to acting independently and impartially in executing its legislative mandate and contribute towards improvement of quality in the provision of health care services as part of all initiatives intended to improve overall health outcomes.



MS. OAITSE AUDREY MONTSHIWA
ACTING CHAIRPERSON
DATE: 29 JULY 2019

FOUR

CHIEF EXECUTIVE OFFICER'S REFLECTIONS

The 2018/19 financial year marks a new epoch for the OHSC as a regulator in the healthcare sector with the promulgation of regulations for different categories of healthcare establishments by the Minister of Health. Activities undertaken by the OHSC during the reporting period demonstrate commitment from the OHSC Board, management and staff in ensuring quality and safety to all users that access health services in our country.

The regulations have strengthened the mandate of the OHSC to conduct compliance inspections, investigate complaints, enforce compliance as well as certify both public and private health establishments found compliant with the regulations. The promulgated norms and standards for different categories of health establishments necessitated the OHSC to align the inspection tools to the regulations.

The different inspection tools for Clinics, Community Centres and Hospitals, Community Health Centres will enable inspection of facilities due to commence during the 2019/20 financial year. The OHSC inspection strategy has been published and available on the OHSC website. The strategy will guide the approach to all inspections to be conducted in the public and private sector.

During the 2018/19 financial year, the OHSC developed and completed draft norms and standards for Emergency Medical Services and submitted to the Minister of Health for consideration. A total of 730 public health establishments in different levels of care were inspected in all nine provinces during the reporting period. In the next financial year, health establishments compliant with the regulated norms and standards will be issued with a certificate of compliance which will be valid for a period not exceeding four (4) years and subject to renewal. A compliance status framework with grading of health establishments will be utilised to determine compliance status as well as grading of the health establishments. The enforcement policy was developed and published for public comments.

The OHSC received 1904 complaints during the 2018/19 financial year, the number of complaints received in a descending order were related to the domains of: Patients Rights followed by Patient Safety, Clinical Governance and Patient Care, Clinical Support Services, Leadership and Corporate Governance, Facilities and Infrastructure, Public Health, and Operational Management. With increasing publicity of the work of the OHSC, similarly the number of complaints increased during the reporting period. Timeous investigation and resolution of the increasing complaints will require additional human resources.
The sterling work of the Health Ombud

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continues to be recognised by various sectors. The OHSC wishes to congratulate the Health Ombud, Professor Malegapuru Makgoba for an award received at the 19th board of Healthcare Funders (BHF) Titanium Award for "service excellence in creating access to healthcare."

The OHSC and Health Ombud formed part of a delegation led by the National Department of Health for a benchmarking visit in the United Kingdom (UK). The OHSC learned practices from similar regulatory entities to contribute in improving and streamlining operational processes, governance and capabilities to create mechanisms to drive improvements in the quality of healthcare.

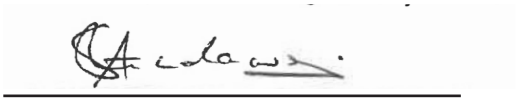
The OHSC continued with the enhancement of its own Information and Communication Technology (ICT) infrastructure to support the functions of the OHSC to accommodate the requirements of the regulated norms and standards, improve inspections and reporting of findings. More work is still required to include the monitoring of health risk indicators in facilities.

Public awareness and collaborations with key stakeholders is essential for the work and functions of the OHSC. The OHSC continued to raise awareness on the work of the OHSC and Health Ombud in health establishments and surrounding communities across the country and collaborated with various key stakeholders.

During the financial year, the OHSC solicited the assistance of an external service provider to review the organisational structure for the purpose of alignment to better meet the OHSC current needs linked with the strategic imperatives and create an organisation geared for the future. Implementation of the new Organogram will be a priority for the OHSC in the next financial year. Additional funds would be required to implement the new Organogram.

I would like to thank the OHSC Board, management and OHSC staff for showing dedication and enthusiasm by ensuring that the OHSC continues to do its best in executing its mandate. All have truly contributed in ensuring quality and safety of users of healthcare in the country.

We further extend gratitude to the healthcare workers for looking after the health and well-being of our public.



DR. SIPHIWE MNDAWENI
CHIEF EXECUTIVE OFFICER
DATE: 29 JULY 2019

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

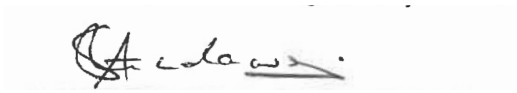
To the best of our knowledge and belief, we confirm that:

All information and amounts disclosed in this Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa (AGSA).

The Annual Report is complete, accurate and free from any omissions and the Annual Financial Statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) that apply to a public entity.

The accounting authority is responsible for the preparation of the Annual Financial Statements and judgements made in this information. The accounting authority is also responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance about the integrity and reliability of the performance and human resources information and the Annual Financial Statements.

The external auditors (AGSA) were engaged to express an independent opinion on the Annual Financial Statements. In our opinion, the Annual Report fairly reflects the operations, performance and human resources information and financial affairs of the OHSC for the financial year ended 31 March 2019.



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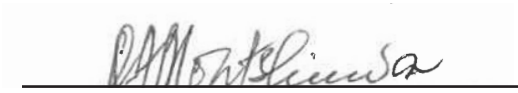

MS. OAITSE AUDREY MONTSHIWA
ACTING CHAIRPERSON
DATE: 29 JULY 2019

STRATEGIC OVERVIEW

VISION

Safe and quality healthcare for all South Africans.

MISSION

We act independently, impartially, fairly and fearlessly on behalf of the people of South Africa in guiding, monitoring and enforcing healthcare safety and quality standards in HEs.

VALUES

Our values are informed by the South African Constitution and *Batho Pele* principles: "Human dignity; freedom and the achievement of equality; and that people must come first."

Strategic imperatives

In adherence to the legislative mandate in terms of the NHA, and the strategic goals set by the Board, the OHSC compiled a Strategic Plan for the five years (2015 to 2020). The key imperatives of the strategy are based on upholding the following objectives of the OHSC:

- Prioritise those establishments that are the weakest and serve the most disadvantaged users in order to shift the system towards safer care, while still recognising excellence wherever it is found;
- Use a progressive and developmental approach to enforcement in order to enhance change at different levels of the system;
- Use the power of information and communication, ranging from awareness and guidance through monitoring, analysis, reporting and publication, as a strategic tool to influence decisions and behaviour;
- Create and effectively use platforms for interaction with key users, providers and leadership groups to foster collaborative efforts towards improved outcomes; and
- Develop the capacity of staff and those who work directly with the OHSC as agents of change through training, rigorous control of the quality of outputs and ongoing learning.

Target setting

Every year, the OHSC performs a formal review of its strategy, monitoring and measuring performance against key performance indicators. The formal review is supplementary to the ongoing Board and management review of strategy and related performance measures. This Annual Report presents the OHSC's deliverables in terms of the objectives, performance indicators, and targets for the 2018/19 financial year and the strategic outcomes-orientated goals.

Strategic outcome-orientated goals

Figure 1: Strategic outcome-orientated goals

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LEGISLATIVE AND OTHER MANDATES

The OHSC is established under the National Health Act, 2003 (NHA), to promote and protect the health and safety of the users of health services. The OHSC is listed as a Schedule 3A public entity in terms of the PFMA. As a public entity monitoring quality in the health sector, the role of the OHSC is influenced by the following governing legislation, regulations and national policies:

Constitution of the Republic of South Africa, 1996

The Bill of Rights underpin the entire health system, specifically Section 27 of the Constitution, which guarantees everyone the right of access to healthcare services, including reproductive health services and emergency medical treatment. The Constitution further requires the State to take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right.

The regulation of the quality of health services requires all HEs to comply with policy priorities and minimum standards of care. In this manner, the regulation of quality contributes directly to government's progressive realisation of its constitutional obligations.

The National Health Act, 2003 (Act No. 61 of 2003)

The 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 manner in which 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 HEs 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 healthcare users and ensures broader community participation in healthcare delivery from a health facility level up to national level.

Chapter 10 of the NHA, as it relates to the OHSC, was repealed in its entirety (and other minor changes were enacted) through the promulgation of the National Health Amendment Act, 2013 (Act No. 12 of 2013). This replaced the previous provisions that had never been brought into effect with a new independent entity, the Office of Health Standards Compliance.

The purpose of the OHSC is reflected in the NHA as that of protecting and promoting the health and safety of users of health services by:

- Monitoring and enforcing compliance by HEs with norms and standards prescribed by the Minister in relation to 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 the NHA, 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, or any other matter referred to it by the Minister;
- **Inspect and certify** compliance by HEs with prescribed norms and standards, or where appropriate and necessary, withdraw such certification;
- I**nvestigate complaints** about the National Health System;
- **Monitor indicators of risk** as an Early-Warning System about 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 or municipal health department, where necessary, to ensure compliance with prescribed norms and standards;
- **Recommend quality assurance and management systems** for the National Health System to the Minister for approval; and
- **Keep records** of all OHSC activities.

In addition, the OHSC may:

- **Issue guidelines** for the benefit of HEs to implement prescribed norms and standards;
- **Publish any information relating to prescribed norms and standards** through the media and, where appropriate, within specific communities;
- **Collect or request any information relating to prescribed norms and standards** from HEs 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 about matters of common interest or a specific complaint or investigation; and
- **Negotiate cooperative agreements with any regulatory authority** to coordinate and harmonise the exercise of jurisdiction over health norms and standards and ensure the consistent application of the principles of this Act.

The Protection of Personal Information Act, 2013 (Act No.4 of 2013) ("PoPI")

The purpose of the PoPI is to ensure that all South African institutions, including the OHSC, conduct themselves in a responsible manner 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 unauthorised 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).

Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) ("PAIA")

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 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 and in relation to public and private bodies;
- 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.

Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) ("PAJA")

Section 33 (1) and (2) of the Constitution guarantees that administrative action will be reasonable, lawful and procedurally fair, and it makes sure that people have the right to ask for written reasons when administrative action has a negative impact on them. 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.

National Policy on Quality in Healthcare, 2007 ("NPQ")

A focus on quality assurance and improvement is not a new concept. The 2001 NPQ was revised in 2007. The policy identifies mechanisms to improve the quality of healthcare in the public and private sectors and highlights the need to involve health professionals, communities, patients and the broader healthcare delivery system (Department of Health) in capacity-building efforts and quality initiatives.The objectives of the NPQ 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 on treatments specific to South African needs and the evidence of effectiveness;
- ensure appropriate use of services; and
- reduce errors in healthcare.

Norms and Standards applicable to different categories of health establishments

The Minister of Health has promulgated the Norms and Standards Regulations on the 02 February 2018. The Norms and Standards Regulations came into operation on the 02 February 2019 and are applicable to the following categories of health establishments.

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

National Health Insurance (NHI)

The NHI is based on the principles of universal health coverage, equity, right of access to basic healthcare and social solidarity, irrespective of a person's socio-economic status. An effective and well-functioning health quality system with set standards and norms that are implemented effectively is essential for the successful execution of the NHI. The OHSC's certification of HEs will in future be a prerequisite for accessing NHI funding.

Procedural Regulations Pertaining to the Functioning of the Office of Health Standards Compliance and Handling of Complaints by the Ombud

These regulations will guide the exercise of powers conferred on the OHSC and its Board, the Chief Executive Officer, the Ombud, Inspectors and Investigators, which they will elaborate on in the form of details, procedures and processes.

The regulations cover the following areas:

- Collection of information from HEs and designation and duties of the person in charge;
- Appointment of Inspectors, training and expertise;
- The inspection process and timelines;
- Additional 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 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).

Batho Pele and the Patient's Rights Charter

Alongside health-specific policies and legislation, the *Batho Pele* principles govern all public services, including healthcare delivery. The *Batho Pele* ("People First") initiative encourages service-orientation, excellence and improved delivery among public servants. The eight (8) Batho Pele principles aimed at enhancing public service delivery (Republic of South Africa, 2007) are:

- Regularly consult with customers;
- Set service standards;
- Increase access to services;
- Ensure higher levels of courtesy;
- Provide more and better information about services;
- Increase openness and transparency about services;
- Remedy failures and mistakes; and
- Give the best possible value for money.

In response, the health sector promulgated the "Patient's Rights Charter", which specifies – as reiterated in the NCS – that the rights of patients must be respected and upheld, including the right to access to basic care and receive respectful, informed and dignified attention in an acceptable and hygienic environment. Patients should be empowered to make informed decisions about their health and complain if they do not receive decent care.

National Development Plan (NDP)

The NDP Vision 2030 states 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 the NDP focuses on strengthening the healthcare system and includes the role of the OHSC as the independent entity mandated to promote quality by measuring, benchmarking and accrediting actual performance against quality standards. A specific OHSC focus is on achieving common basic standards in the public and private sectors.

Other legislation relevant to the delivery of healthcare services

The legislation referred to in the NHA that influences the execution of the OHSC mandate and functions are reflected in Table 1.

Table 1: Legislation that influences the OHSC in the fulfilment of its mandate

Medical Schemes Act, 1998 (Act No. 131 of 1998)	Regulates the medical schemes industry to ensure alignment with national health objectives
Medicines and Related Substances Act, 1965 (Act No. 101 of 1965)	Registers medicines and other medicinal products for safety, quality and efficacy and provides pricing transparency
National Health Laboratory Service Act, 2000 (Act No. 37 of 2000)	Acts as a statutory body for laboratory services to the public health sector
Health Professions Act, 1974 (Act No. 56 of 1974)	Regulates the health professions, specifically medical practitioners, dentists, psychologists and other health-related professions, including their community services
Pharmacy Act, 1974 (Act No. 53 of 1974)	Regulates the pharmacy profession, including community service by pharmacists
Nursing Act, 2005 (Act No. 33 of 2005)	Regulates the nursing profession

Allied Health Professions Act, 1982 (Act No. 63 of 1982)	Regulates health practitioners such as chiropractors, homeopaths and others, and for the establishment of a council to regulate these professions
Dental Technicians Act, 1979 (Act No. 19 of 1979)	Regulates dental technicians and the establishment of a Council to regulate the profession
Hazardous Substances Act, 1973 (Act No. 15 of 1973)	Controls hazardous substances, particularly those that emit radiation
Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No. 54 of 1972)	Regulates foodstuffs, cosmetics and disinfectants and sets quality and safety standards for their sale, manufacturing and importation
Occupational Diseases in Mines and Works Act, 1973 (Act No. 78 of 1973)	Provides for medical examinations of persons suspected of having contracted occupational diseases, especially in mines, and for compensation in respect of those diseases

EIGHT

ORGANISATIONAL STRUCTURE

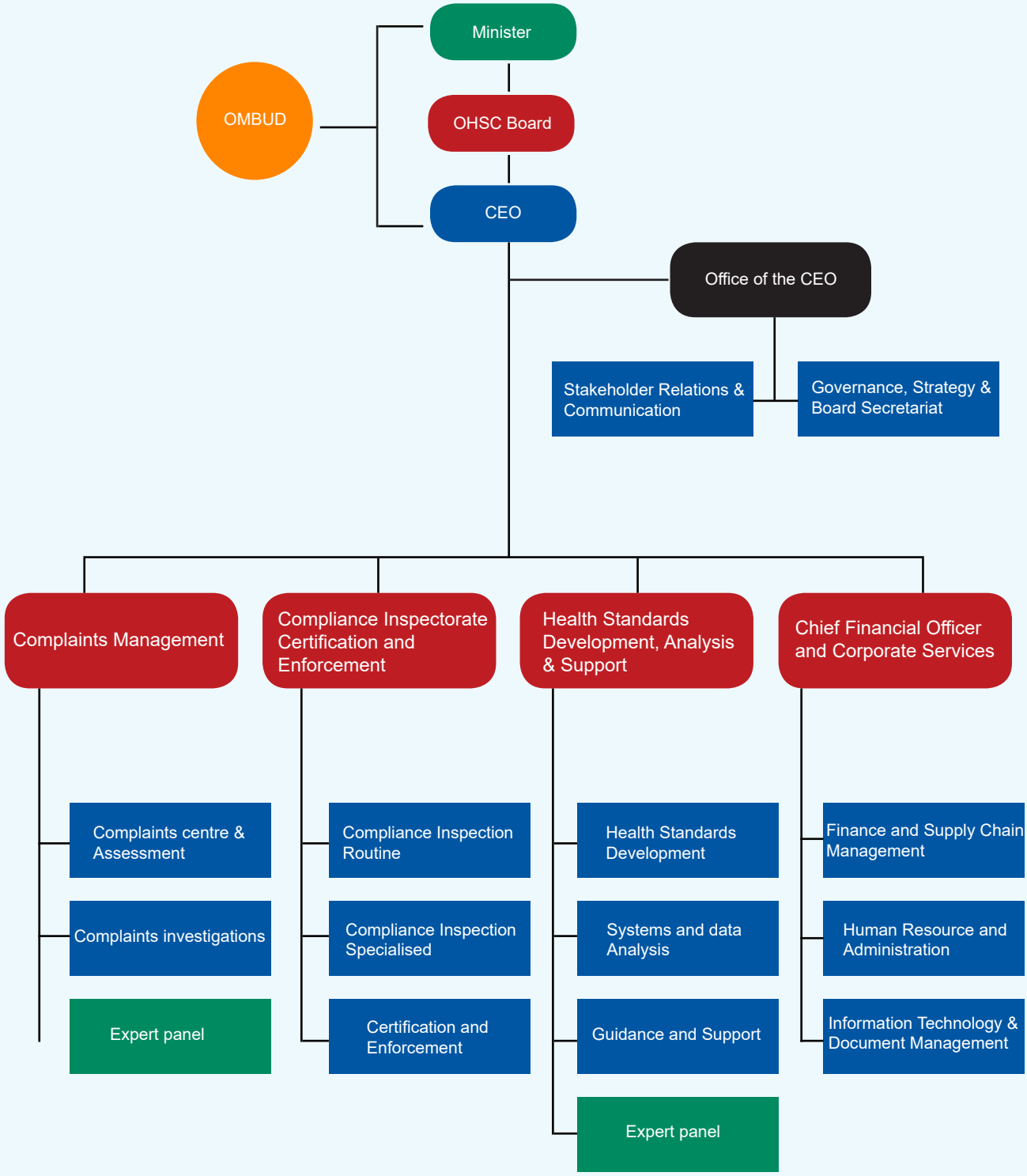


Figure 2: OHSC organisational structure

PART B

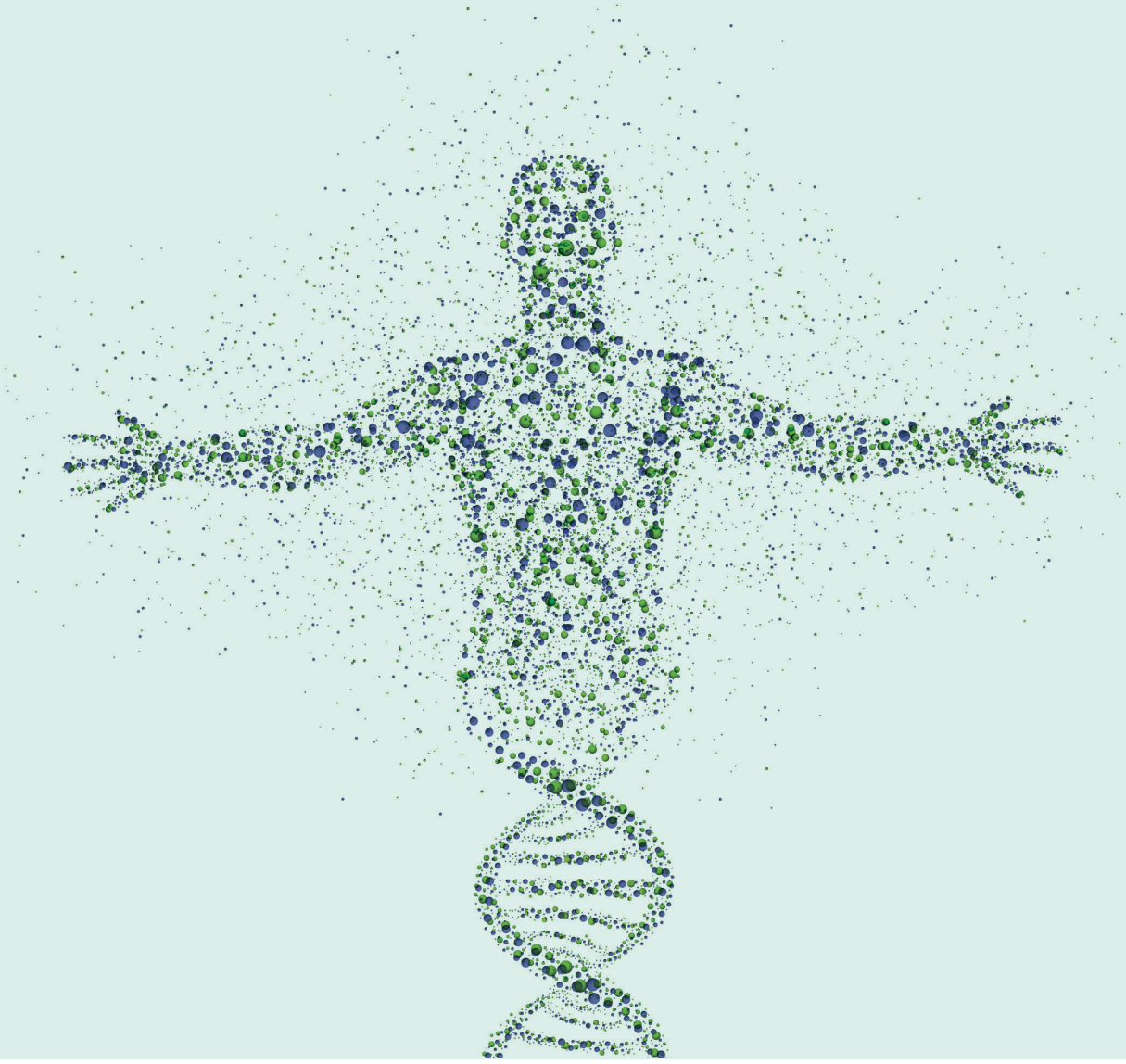
PERFORMANCE INFORMATION

AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa/auditor currently performs the necessary audit process on the OHSC performance information to provide reasonable assurance in the form of an audit conclusion.

The audit conclusion on performance against predetermined objectives is included in the report to management, with material findings reported under Report on the Audit of the Annual Performance Report.

Refer to page 96 of the Report of the Auditors under Part E: Financial Information.



TWO

SITUATIONAL ANALYSIS

Health Service delivery environment

South Africa is currently advancing its efforts to realise Universal Health Care (UHC). UHC in South Africa is being implemented through what the National Department of Health defines as a National Health Insurance (NHI) system.

The policy framework outlining the approach to NHI and its phased introduction have been issued in terms of the existing National Health Act (NHA). The current phase of NHI implementation has been planned to run from 2017 to 2022 where the focus will be on "development of the NHI legislation and amendments to other legislations."

The commitment to re-engineering primary healthcare (PHC) services and building the necessary quality improvement processes which include inspection and certification of HEs by the Office of Health Standards Compliance are critical aspects of health system strengthening in South Africa.

The promulgated norms and standards for different health establishments were in effect from February 2019. These norms and standard are critical and play a central role in the functioning of the OHSC. The promulgated norms and standards will set the scene for accreditation of providers to be contracted by the NHI Fund.

The quality challenge

The National Health Act (NHA) is expected to guide introduction and implementation of a uniform health system which provides equitable access to health services by all inhabitants of South Africa. Extensive regulations have been issued in terms of the NHA, and some of its structures have been put to the test and have demonstrated their resilience and independence as part of strengthening the quality of health services in South Africa.

The South African public health system provides healthcare at the following three levels: National, Provincial and District Health System. funding is still skewed between public and private sectors with the latter being better resourced. There have been notable improvements in some aspects of the health system. However, major challenges remain in the provision of safe and quality healthcare. This is particularly apparent with persistent inequities of the quality of care in previously disadvantaged areas and between public and private sectors.

Health reform efforts and quality implications

The National Department of Health (NDoH) has been implementing initiatives to further reform the healthcare sector including universal healthcare in the form of the NHI. The focus of these initiatives is to ensure the public and private health sectors deliver on key expectations and requirements of providing the right healthcare at the right time in the safest of conditions. The OHSC was established as part of the initiatives by the National Government with the mandate to protect and promote the health and safety of users of healthcare services.

Initiatives relevant to the work of the OHSC include:

- Implemented the NCS policy framework to define the quality of care in South Africa prior to the promulgation of norms and standards;
- Advising the Minister of Health on matters relating to the determination of norms and standards to be prescribed for the national health including review of such norms and standards;
- The review of structures and systems to strengthen governance, oversight and management of HEs, including recruitment of hospital managers;
- The introduction of better controls on the acquisition, use and over-use or inappropriate use of resources; and
- Major focus on clinic management and service delivery.

The socio-political and economic situation in South Africa impacts on the resourcing of the health system, which in turn impacts on the quality of service delivery. Reduction in the budget allocated to health, despite increasing costs of treatment and South Africa's quadruple burden of disease, (HIV, TB maternal and child health, non-communicable disease and injuries) will have an undesirable impact in improving health outcomes.

Inspections and findings

For the financial year 2018/19, the OHSC continued to conduct inspections in different levels of care in public health establishments across all nine provinces. The coverage and reach were a total of 730 health establishments inspected, representing 19% of the overall 3186 public sector health establishments in South Africa. A comprehensive Annual Inspection Report detailing the findings of all inspections carried out in financial year 2018/19 will be released as a separate publication. It should be noted that inspections conducted by the OHSC during the reporting period are referred to as mock inspections due to the unavailability of regulations at that time. The inspection tools used were developed based on the National Core Standards. The regulations have since been promulgated during the last quarter of financial year 2017/18 and implementation would follow after twelve months to allow adequate preparation and operationalisation of the regulations.

In January 2018, the OHSC appointed the first group of Community Service Environmental Health Practitioners (CSEHPS) on limited twelve (12) month contracts. The CSEHPS conducted audits of the management and disposal of healthcare risk waste in health establishments. Health risk waste audits were conducted in 252 health establishments in all nine provinces across the different levels of care in the public service including Community Health Centres (CHCs), Clinics, and Hospitals (District, Regional, Provincial and Central).

Envisaged impact of the OHSC

The OHSC's responsibility of regulating the healthcare sector is necessary to ensure that health services provided to every individual accessing both the private and public health system in South Africa is safe and protected. The organisation plays a vital role in protecting the public from health risks through health care regulations.

Healthcare is a complex system in any country, the role of the OHSC is interwoven within the healthcare system and other key activities aimed at improving the health and well -being of citizens. The OHSC is a key partner in health systems strengthening with the objective of certifying health establishments as compliant with norms and standards regulations to allow participation in the National Health Insurance Fund as outlined in the National Health Insurance Policy.

The major impact of the OHSC would be towards overall improvement of health outcomes of the citizens and move South Africa closer to the achievement of Outcome 1 of the National Development Plan; "A long and healthy life for all South Africans."

Organisational Environment

The mandate of the OHSC is to monitor and enforce compliance with the prescribed norms and standards and investigation of complaints relating to breaches of the prescribed norms and standards, as defined in the NHA. In order to achieve this mandate, sufficient resources must be made available for effective implementation of regulatory functions. The OHSC is experiencing resource constraints which has a detrimental effect in carrying out the mandate of the organisation. In order for the OHSC to increase coverage of inspections in both the public and private sector and establish systems to monitor the regulations in health establishments, the staff complement would have to be increased to meet the demand. Furthermore, additional staff is also required to ensure timeous resolution and disposal of complaints received to fulfil the legislative mandate of the OHSC. Improvements in resource allocation will enable the OHSC to expand and fulfil its mandate. Despite the current human resource constraints, the OHSC staff remains committed to the effective functioning of the OHSC.

THE HEALTH OMBUD: AN OVERVIEW

Table 2: The Health Ombud:

Description	The Health Ombud is appointed in terms of the National Health Act, 2003 (Act No. 61 of 2003) and is located within the OHSC. The key purpose of existence is to ensure that the complaints relating to healthcare are considered and resolved. • Its main purpose is to be the voice of the people in instances where HEs have breached prescribed norms and standards (in contrast to individual healthcare workers' professional misconduct). • The Ombud must perform his or her functions "in good faith and without fear, favour, bias or prejudice."
Purpose	To receive, investigate and dispose of complaints from the public related to breaches of norms and standards of healthcare, the Ombud has to make sure that the healthcare user's complaint is heard, investigated and redressed, as well as: • Referring any complaints received from the public that warrants investigation and managed by a specific regulatory body, e.g. South African Nursing Council, Health Professions of South Africa; • Publishing the reports of complaints annually on the website for public consumption; • Providing the Minister with an annual report of all complaints received and the status thereof. • Any person, guardian or representative of a person to whom healthcare service was provided in South Africa is welcome to lodge a complaint regarding sub-standard services by any HE in South Africa: • One can lodge a complaint on behalf of a relative, a minor or any other person. • Any other person can lodge a complaint as a whistle blower.
Authority	• The Ombud operates within the OHSC in accordance with Section 78(b) of the National Health Act, 2003. • The Ombud is responsible for investigating all complaints related to breaches of norms and standards related to healthcare services, both public and private, as well as to: • Make recommendations to HEs regarding breaches identified; and • Refer any complaint that the Ombud feels needs to be investigated and managed by a regulatory body.

Process to lodge a complaint

A complaint has to be lodged within two (2) years of its occurrence for the OHSC to investigate it. The complaint should have at least been lodged with the respective HE and the complainant either remains unresolved or there is dissatisfaction with the outcome.

- Complaints may be lodged verbally by visiting the OHSC or telephonically through the toll-free number or OHSC telephone line.
- The toll-free line is made more user-friendly through the provision of multilingual options.
- Complaints may also be lodged in writing, which is through e-mail, hand delivery or post.
- The public is encouraged to lodge complaints with the relevant HE, which can be done verbally or in writing, before approaching the OHSC.
- HEs are expected to follow their established complaints management protocol in addressing user complaints.
- When lodging a complaint with the OHSC, the following information should be provided:

    - Name of Complainant;
    - Contact number;
    - Name of patient;
    - Contact number;
    - Patient Registration Number;
    - Name of Health Establishment;
    - Location of Health Establishment (province or district);
    - Date and time of incident;
    - Details of incident;
    - Unit where incident occurred;
    - Names of personnel involved;
    - Date incident reported to HE;
    - Person reported to;
    - Feedback from facility, if any; and
    - If the complaint is made on behalf of a competent adult, the complainant should have received permission.

- The investigation process and the resolution of the complaint wil take approximately six (6) months but may be extended to two (2) years depending on the complexity of the matter.

FOUR

STRATEGIC OUTCOME - ORIENTATED GOALS

OHSC's strategic outcomes-orientated goals underpin the organisation's strategic imperatives as demonstrated in **Figure 3** below.

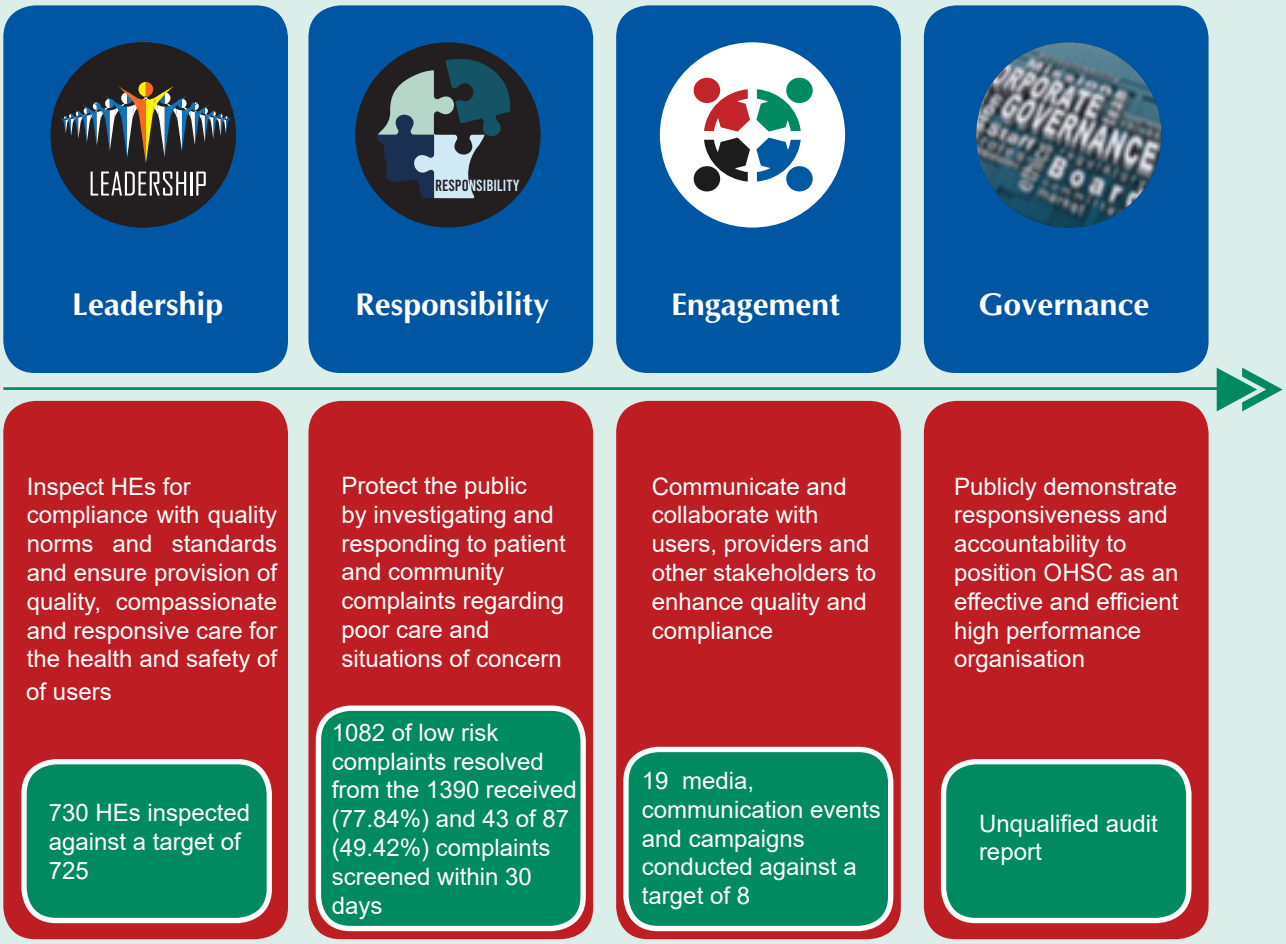


Figure 3: Strategic outcome-orientated goals

FIVE

PERFORMANCE MANAGEMENT BY PROGRAMME

The delivery of OHSC programmes is through OHSC's four different divisions which are responsible for implementing and achieving the strategic objectives for each programme, ultimately all divisions work towards a common goal which is to support the OHSC's mandate to of ensuring safe and quality healthcare for everyone. The different functional expertise works closely in developing and implementing and monitoring cross-functional projects towards the organisation's shared purpose.

The programme performance provides a description of each programme, including objectives, deliverables and achievements and further demonstrate the interrelatedness of various programmes.

Figure 4: Illustrates the Programmes within the OHSC

PROGRAMME 1: ADMINISTRATION

PROGRAMME PURPOSE

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

Description of strategic objectives

Table 3: Strategic objectives for the Administration Programme

Strategic Objective 1.1	**Establish a fully functional Office suitably staffed to execute the mandate and goals of the OHSC**
Objective statement	A functional OHSC with budget and personnel to implement the OHSC mandate effectively is established
Indicator	% of funded staff appointed
Baseline (2017/18)	93%
Target (2015-20)	90%
Strategic Objective 1.2	**Accredit inspectors after successfully completing approved training course**
Objective statement	To formally accredit inspectors through staff training and development within the OHSC as part of overall training and staff development function
Indicator	% of compliance inspectors accredited
Baseline (2017/18)	0%
Target (2015-20)	100%
Strategic Objective 1.3	**Implement good governance, oversight and accountability through appropriate delegations, including financial management and compliance to PFMA**
Objective statement	To ensure good governance, oversight and accountability through appropriate delegations to Board and management governance structures and legislative compliance
Indicator	Auditor-General's annual findings rating
Baseline (2017/18)	Unqualified audit report
Target (2015-20)	Unqualified audit report
Strategic Objective 1.4	**Leverage the information technology to meet the needs of the OHSC and to deliver OHSC services more efficiently**
Objective statement	Specialised IT system for the OHSC is implemented
Indicator	% of IT systems uptime
Baseline (2017/18)	99%
Target (2015-20)	95%

Strategic Objective 1.5	**Create public, provider and stakeholder awareness about the roles and powers of the OHSC**
Objective statement	Activities are carried out to create public awareness on the mandate, roles and powers of OHSC
Indicator	Number of media and communication events and campaigns conducted annually
Baseline (2017/18)	8
Target (2015-20)	18

Strategic Objective 1.6	**Implement good governance, oversight and accountability through appropriate delegations, including financial management and compliance to PFMA**
Objective statement	MOUs with relevant regulators/other organisations to further the mandate and objectives of the OHSC to improve quality and safety and monitor implementation prior to annual ratification are signed
Indicator	Number of MOUs signed annually with regulators/other organisations to protect and promote healthcare quality and safety
Baseline (2017/18)	2
Target (2015-20)	10

Table 4: Performance against strategic objectives for the 2018/19 financial year

Programme 1: Administration						
Strategic objective	**Performance indicator**	**Actual achievement 2017/18**	**Planned Target 2018/19**	**Actual achievement 2018/19**	**Deviation from planned target to actual achievement for 2018/19**	**Comment on deviations**
1.1 Establish a fully functional Office suitably staffed to execute the mandate and goals of the OHSC	% of funded staff Appointed	93%	90%	97%	+7%	The recruitment process was expedited through the assistance of a service provider contracted to conduct background checks to conclude the appointments much quicker

Continued

1.2 Accredit inspectors after successfully completing approved training course	% of compliance inspectors accredited	0%	85%	0%	-85%	The OHSC inspectors were previously trained to conduct inspections in health establishments. With the promulgation of the norms and standards for different health establishments, inspectors training had to be adapted and aligned to the promulgated regulations. The training of Inspectors commenced in the last quarter of 2018/19, upon completion of the training inspectors will be certified
1.3 Implement good governance, oversight and accountability through appropriate delegations, including financial management and compliance to PFMA requirements	Auditor-General's annual findings rating	Unqualified audit report	Unqualified audit report	Unqualified audit report		
1.4 Leverage the Information Technology to meet the needs of the OHSC and to deliver OHSC services more efficiently	% of IT systems uptime	99%	95%	99.98%	+4.98%	The information technology systems are operating efficiently due to close monitoring of existing contracts with service providers

Continued

1.5 Create public, provider and stakeholder awareness about the roles and powers of the OHSC	Number of media and communication events and campaigns conducted annually	8	8	19	+11	Roadshow were conducted to reach out and share information with the public about the work of the OHSC in various health establishments and communities. Collaborations were formed with bodies such as the Special Investigative Unit, Africa Health Congress, Board of Health Care Funders, Hospital Association of South Africa Conference and Health Professions Council of South Africa
1.6 Support the mandate and objectives of the OHSC through Memorandum of Understanding (MOUs) with relevant regulatorsor other organisations	Number of MOUs signed annually with regulators/other organisations to protect and promote healthcare quality and safety	2	4	2	-2	Two memoranda of understanding were signed during the reporting period with the South African Nursing Council (“SANC”) and Council for Medical Schemes (“CMS”)

Achieved
Partially Achieved
Not Achieved

HUMAN RESOURCES

Achievements

During the financial year under review, 117 of the 121 funded posts were filled as at 31 March 2019, and this constituted 97% of the funded posts, 7% higher than the target of 90%. The recruitment process was fast tracked by applying different methods of recruitment to ensure that recruitment processes are concluded timeously.

Furthermore, in order to ensure that a fully functional organisation is set up and suitably staffed as stated in the strategic plan, the OHSC reviewed the necessary human resources policies, programmes and systems to ensure a productive and conducive workplace to assist the organisation to realise its goals.

Training of OHSC Inspectors, Complaints Assessors and Investigators

During the year under review, a service provider, the University of Fort Hare (UFH) was appointed through a tender process to conduct the training of OHSC Inspectors, Complaints Assessors and Investigators. The training curriculum aligned to the promulgated regulations was developed by UFH in collaboration with the OHSC team and would ensure the certification and appointment of the Inspectors by the CEO.

On completion of theoretical part Inspectors training and the formative assessment, the results will be evaluated by an external moderator for quality assurance, the University of Fort Hare will then issue certificates of compliance to the successful candidates. The CEO will appoint inspectors as per the regulatory requirement. The certification of Inspectors could not be done during the reporting period as the training overlapped into the 2019 financial year.

Challenges

Insufficient OHSC space for staff was identified as one of the challenges to be addressed for purposes of further creating environment that is conducive in the organisation.

Moving forward

During 2018/19, the OHSC acquired, through a lease, office premises which will facilitate the relocation of staff to the premises in the financial year ahead. This will ensure that the growing number of employees is properly accommodated, thereby contributing to a conducive work environment. The OHSC will also consider the roll-out of the revised organisational structure which will assist in ensuring that the organisation effectively fulfils its mandate. In addition, the OHSC will also consider other strategies including decentralisation of inspections.

FINANCE AND SUPPLY CHAIN MANAGEMENT

Achievements

The financial year 2018/19 was the fourth year of operation for the OHSC. During this year, the OHSC achieved an unqualified audit opinion from the AGSA. Policies and procedures are in place to ensure good governance, sound risk management, and to prevent and detect fraud. Based on prior year internal and external audits recommendations, the OHSC continued to strengthen the internal control environment and good governance, with sound risk management to prevent and detect fraud. The anonymous fraud hotline number continued to operate throughout the year.

For the year under review, the internal audit function was performed by an outside internal audit firm. The Board approved an internal audit coverage plan which served as a basis for the internal audit work for the financial year. In line with the internal audit coverage plan, internal audits were conducted on quarterly predetermined objectives. The OHSC is subject to provisions of the PFMA and National Treasury regulations, and in line with this, periodic and regular financial and performance reports were prepared and reported to the relevant internal and external stakeholders.

A strategic risk assessment was conducted taking into account the internal and external operational environment of the OHSC, as well as past experiences based on previous risk assessments. Through the process of risk assessment, the OHSC updated its strategic risk register, as well as reviewing the risk management policies and strategy to enable a proactive response to existing and emerging risks. Internal control measures were also reconsidered to mitigate the risks identified during the strategic risk assessment.

The OHSC received the full transfer from the national fiscus, as well as raising additional revenue in the form of interest from investment of funds.

Challenges

With the growth of the organisation, inadequacy of funding remained one of the major challenges facing the OHSC. Due to the prevailing economic environment, and competing demands, the funding from the national fiscus will not be sufficient for a fully operational OHSC. Following the promulgation of the norms and standards and increased visibility of the OHSC, it is envisaged that the work of the OHSC will continue to increase, and this will require corresponding financial resources to keep pace with the increase in the volume of activities.

Moving forward

The OHSC will continue to have consultations and engagements with the national government regarding funding. In addition, a feasibility for the generation of revenue from services rendered will be considered.

INFORMATION COMMUNICATION TECHNOLOGY (ICT)

Achievements

ICT Strategy

In keeping with the ever-changing ICT environment, the ICT strategy was reviewed focusing on critical aspects such as electronic inspection tool, annual returns, EWS systems, digitisation, automation, business intelligence, security and risk management. Further details relating to the electronic inspection system are discussed under Programme 2: Compliance Inspectorate, Certification and Enforcement and Programme 4: Health Standards Design, Analysis and Support.

Call Centre

The complaints call centre, which remains one of the critical components through which members of the public can lodge complaints with the OHSC, was operational throughout the year under review. The activities related to the operations of the Complaints Call Centre are reported under the Programme 3: Complaints Management and Ombud.

Electronic Inspection System

During the prior year, the electronic inspection system was introduced to enhance efficiencies in support of the mandate of monitoring and enforcing compliance by HEs with norms and standards. This electronic inspection system continued to be functional during the year under review and is in the process of being further optimised to accommodate the regulated norms and standards.

The activities related to the functioning of the electronic inspection systems are reported under Programme 2: Compliance Inspectorate, Certification and Enforcement.

Implementation of ICT Infrastructure

Following the conclusion of procurement for office premises, the OHSC was still in a process of implementing its own ICT infrastructure which will support all the core functions of the OHSC. Additional resources are required for further ICT development to support the core functions.

Challenges

Ensuring sustainability of core systems that are being used and keeping abreast with technological changes in the IT environment. Most of the enhancements to the information system relate to the inspection system in the areas of the early warning indicators, uploading of inspection tools, scheduling of inspections, and self-assessment tools for health establishments.

Moving forward

Although the OHSC has made some progress in implementing the ICT strategy, the following projects will receive priority in the 2019/20 financial year:

- Enhancement of information systems which play an important role in core business delivery, in areas such as inspection tool, reporting functions, early warning systems and complaints management;
- Document management system to store and archive data and provide an electronic online platform document storage system; and
- Development and implementation of disaster recovery plans for ICT.

Achievements

Public Awareness Campaigns

Public Awareness Campaigns in a form of roadshows were conducted to share information with the public about the work of the OHSC in various health establishments and communities in June 2018 in West Coast District in the Western Cape Province. Information, Education and Communication (IEC) material was distributed and shared with patients, facilities staff members, members of the public in various facilities in the Western Cape Province.

Participation and collaborations were formed with bodies such as the Special Investigative Unit, Health Africa Congress, Board of Healthcare Funders, Hospital Association of South Africa and Health Professions Council of South Africa to reach out and share information about the work of the OHSC and Health Ombud with stakeholders during exhibitions in Gauteng, and North West provinces.

The OHSC joined by the National Department of Health embarked on a series of consultative workshops with the public and private healthcare sector as well as other key stakeholders to communicate the work of the OHSC and Health Ombud as well as the requirements for the promulgated norms and standards regulations from October 2018 to February 2019. These workshops were held in Gauteng, Limpopo, Free State, KwaZulu-Natal, Eastern Cape, North West, Mpumalanga, Northern Cape and Western Cape provinces. Attendees in the workshops consisted of CEO's, Facility Managers, Chief Directors of Programmes, and Quality Assurance Managers from both the public and private health establishments as well as other key stakeholders in the provision of health services.

Table 5: OHSC Roadshows conducted by the OHSC in 2018/19 financial year

Province and Locality	Activities	Period
Gauteng Province Turbine Hall, City of Johannesburg	Engaged delegates on the work of the OHSC during the Special Investigative (SIU) Unit consultative engagement forum. Information, educational communication material shared with delegates visiting the OHSC's exhibition stand	24 April 2018
Gauteng Province Gallagher Convention Centre, City of Johannesburg	Engaged delegates at the Africa Health Congress 2018 and shared information on work of the OHSC. OHSC shared an oral presentation at the Conference Information, educational communication material shared with delegates visiting the OHSC's exhibition stand	29 – 31 May 2018

Continued

Gauteng Province Winterveldt Multipurpose Community Centre, City of Johannesburg,	Joint participation with the Health Professions Council of South Africa (HPCSA) during a community event	28 June 2018
Western Cape Province West Coast District **4 Hospitals:** Vredendal Hospital, Clanwilliam Hospital, Radie Kotze Hospital, & Citrusdal Hospital **23 Clinics:** Vredendal Central, Vredendal North, Vanrhynsdorp, Klawer Municipality, Klawer Mobile, Doringbaai Satellite, Ebenhaezer Satellite, Koekenaap Satellite, Luitzville, Papendorp, Gelukspan Gateway, Clanwilliam A, Clanwilliam B, Graafwater, Wuppertal Mobile, Aurora Satellite, Eendekuil Satellite, Elandsbaai, Piketberg Mobile1, 2, 5, Redelingshuis Satellite, Wittewater Satellite, Citrusdal & Citrus Mobile	A road show was conducted to reach out and share information with the public about the work of the OHSC from in various health establishments in the Western Cape Province. Information, educational communication material shared with the patients, health establishments staff, and community	11 – 15 June 2018
North West Province Sun City Super Bowl, Moses Kotane Local Municipality	Engaged delegates at the 19th Annual Board of Health Care Funders Southern African Conference The Health Ombud shared an oral presentation about his work at the Conference. Information, educational communication material shared with delegates visiting the OHSC's exhibition stand	16 – 20 June 2018
Gauteng Province City of Johannesburg,	The OHSC Shared information with delegates on OHSC's work during the Hospital Association of South Africa Conference	1 – 3 October 2018
Gauteng Province Protea Hotel, OR Tambo, City of Ekurhuleni	The OHSC joined by the National Department of Health embarked on	30 – 31 October 2018

Continued

Polokwane Local Municipality, Limpopo Landmark Protea Hotel, Polokwane	A series of consultation workshops with the public and private healthcare sector as well as other key stakeholders to communicate the work of the OHSC and the requirements for the promulgated Regulations from October 2018 to February 2019Oral presentations about the work was delivered to hospital CEO's, Facility Managers, Chief Directors of Programmes, and Quality Assurance Managers from both the public and private health establishments as well as other key stakeholders in the health sector during the workshops. The focus of the oral presentations were mainly on the overview of the OHSC; promulgated norms and standards regulations for different Health Establishments – Outline and Update on the process of aligning Inspection Tools to the Regulations; Early Warning System; Annual Returns; Legal Requirements on request for submission of complaints; Complaints Investigations; Inspection Strategy and Processes; including Proposed Certification Framework and Enforcement Policy. The NDoH's presentation was more on the perspective on the promulgated norms and standards.	7 – 8 November 2018
KwaZulu-Natal Province Pavillion Conference Centre, Durban, eThekwini Metropolitan Municipality, Garden Court Blackrock, Newcastle Local Municipality		14 – 15 November 2018 11 February 2019
Free State Province Pelonomi Hospital, Mangaung Municipality		20 – 21 November 2018
North West Province Protea Hotel, Klerksdorp, City of Matlosana Local Municipality Mmabatho Palms, Mahikeng Local Municipality		28 November 2018 13 February 2019
Eastern Cape Province Premier Hotel Regent, Buffalo City Metropolitan Municipality		4 – 5 December 2018
Mpumalanga Province Ehlanzeni District Municipality & Southern Sun Emnotweni, City of Mbombela Local Municipality, Mpumalanga		16 – 17 January 2019
Northern Cape Province Protea Hotel, Frances Baard District Municipality		23 – 24 January 2019
Western Cape Province Southern Sun – Cape Sun, City of Cape Town Metropolitan Municipality		30 – 31 January 2019

Media engagements conducted by the OHSC in 2018/19 financial year

Media briefings were held to discuss and clarify the findings of the OHSC 2016/17 annual Inspection report tabled in Parliament in June 2018 as part of strengthening stakeholder engagement. The Health Ombud released an investigation report into allegations of patient mismanagement and patient rights violations at the Tower Psychiatric Hospital and Psychosocial Rehabilitation Centre in the Eastern Cape in August 2018.

Table 6: Media interaction conducted by the OHSC in 2018/19 financial year

Activities	Purpose	Location
A media briefing session on the findings of the OHSC 2016/17 annual Inspection report tabled in Parliament	To discuss and provide clarity on findings of the OHSC 2016/17 annual Inspection report tabled in Parliament	**Media coverage** (eNCA, SABC Radio stations, SABC TV station, Radio 702, Power FM, Sowetan, Pretoria News, Citizen, Beeld, Twitter and Facebook)
Media release pertaining to an investigation report into allegations of patient mismanagement and patient rights violations at the Tower Psychiatric Hospital and Psychosocial Rehabilitation Centre in the Eastern Cape	To release of the investigation report into allegations of patient mismanagement and patient rights violations at the Tower Psychiatric Hospital and Psychosocial Rehabilitation Centre	**Media coverage** (eNCA, Checkpoint, SABC Radio stations, SABC TV station, Radio 702, Eyewitness News, Power FM, Sowetan, News24, TimesLive, Pretoria News, Citizen, Beeld, Medical Brief, Carte Blanche, Twitter and Facebook)

OHSC and the Health Ombud websites

As part of accessing and increasing stakeholder engagement, and enhancing the image of the OHSC, the content of the OHSC and Health Ombud websites were updated on a regular basis to ensure that the websites remain current and relevant with content. The OHSC website attracted 26 606 users between April 2018 to March 2019. The Health Ombud website attracted 4 603 users between April 2018 to March 2019.

Challenges

Limited human resources has proven to have adverse effects on the OHSC's capacity to fulfil its mandate, especially during the campaigns.

Moving forward

The Communication and Stakeholder relations programmes will focus on activities to expand and strengthen the growing mandate of the OHSC during 2019/20 financial year:

- Workshops with communities and stakeholders;
- Development of relevant information, education material for different categories of stakeholders;
- OHSC exhibitions in external platforms and partner events;
- Advertising campaigns (radio, & television);
- Participation in community event; and
- Social media engagements.

Table 7: Performance against allocated budget: Program 1: Administration

Programme	Budget	Actual expenditure	(Over)/Under expenditure
Administration	50 578 327	58 101 438	(7 523 111)
TOTAL	**50 578 327**	**58 101 438**	**(7 523 111)**

The over expenditure related largely to ICT server infrastructure funded from the prior year surplus.

PROGRAMME 2: COMPLIANCE INSPECTORATE, CERTIFICATION AND ENFORCEMENT

PROGRAMME PURPOSE

To manage the inspection of health establishments in order to assess compliance with National Health System's norms and standards as prescribed by the Minister, certify health establishments as compliant or non-compliant with prescribed norms and standards and take enforcement action against non-compliant health establishments.

Table 8: Strategic objectives for Compliance Inspectorate, Certification and Enforcement

Strategic Objective 2.1	**Inspect regulated (public and private) health establishment for compliance with prescribed norms and standards at least every 4 years**
Objective statement	Compliance with acceptable standards of quality and safe healthcare delivery in public and private sector HEs are monitored and inspected at least every four years, and relevant action is taken
Indicator	# and % of public sector clinics, CHCs and hospitals inspected annually by the OHSC
Baseline (2017/18)	24.18%
Target (2015-20)	20%
Indicator	# and % of private sector clinics, CHCs and hospitals inspected annually by the OHSC
Baseline (2017/18)	-
Target (2018-20)	30%

Strategic Objective 2.2	**Certify HEs that are compliant with prescribed norms and standards**
Objective statement	HEs that comply with prescribed norms and standards receive certificate of compliance within 60 days of inspection
Indicator	Procedures for certification process developed and implemented
Baseline (2017/18)	Draft procedures for certification have been developed
Target (2015-20)	Certification procedures
Indicator	% of compliant establishments certified by the OHSC within 60 days after the final inspection report
Baseline (2017/18)	-
Target (2018-20)	100%

Strategic Objective 2.3	**Effect enforcement action against persistently non-compliant HEs**
Objective statement	Enforcement action is taken against persistently non-compliant HE
Indicator	Procedures for timely enforcement action developed and implemented
Baseline (2017/18)	Draft procedures for timely enforcement have been developed
Target (2015-20)	Enforcement procedures
Indicator	% persistently non-compliant health establishments for which enforcement action is initiated within 10 days from date of receipt of re-inspection or EWS report
Baseline (2017/18)	-
Target (2018-20)	100%

Strategic Objective 2.4	**Publish information about compliance status of HE with norms and standards**
Objective statement	Information relating to compliance with norms and standards by HE is published annually
Indicator	# of reports on inspections conducted, remedial recommendations issued and compliance status of health establishments (annual inspection report)
Baseline (2017/18)	1
Target (2015-20)	5

Overview of deliverables and achievements

A total of 730 public sector health establishments were inspected in the 2018/19 financial year. The health establishments inspected included public sector Clinics, Community Health Centres and Hospitals in all nine provinces. This represents 19% of public sector health establishments in the country. The planned inspection target of 725 (19%) was exceeded. A detailed Annual Inspection Report will be submitted as a separate publication and tabled in Parliament. The operating procedures for certification were developed and will be implemented in the 2019/20 financial year. The draft Enforcement Policy was developed and published for public comments.

Table 9 below displays the actual performance against the planned targets for the strategic objectives of Programme 2.

Table 9: Performance against strategic objectives for the 2018/19 financial year

Programme 1: Administration						
Strategic objective	**Performance indicator**	**Actual achievement 2017/18**	**Planned Target 2018/19**	**Actual achievement 2018/19**	**Deviation from planned target to actual achievement for 2018/19**	**Comment on deviations**
2.1 Inspect regulated (public and private) health establishment for compliance with prescribed norms and standards at least every 4 years	% of public sector health establishments inspected annually by the OHSC	24.18%	19% 725/3816	19.13% 730/3816	+ 0.13%	Inspections target for the financial year 2018/19 was 725 health establish-ments, which was achieved with a total of 730 health establishments inspected conducted in the public sector
	# and % of private sector health establishment inspected annually by the OHSC	-	30%	0	-30%	Inspections of private health care sector establishments was to be implemented post the promulgation of the norms and standards regulations. The norms and standards regulations were only promulgated in February 2018 for implementation in February 2019
2.2 Certify HEs that are compliant with prescribed norms and standvards	Procedures for certification process developed and implemented	Draft certification procedures have been developed	Certification procedures Developed	Certification procedures developed	-	The certification procedures were developed and approved by the OHSC Board and will be implemented in the 2019/20 financial year. The OHSC is in the process of developing a manual to incorporate all the certification and enforcement processes and procedures
	% compliant HE's certified within 60 days after the final inspection report	No planned target	-	-	-	No planned target. The norms and standards regulations were only promulgated in February 2018 for implementation in February 2019

Continued

2.3 Effect enforcement action against persistently non-compliant HEs	Procedures for timely enforcement action developed and implemented	Draft procedures for timely enforcement have been developed	Enforcement procedures developed	Enforcement procedures developed	-	The draft Enforcement Policy was approved by the Board. The Enforcement Policy was published for public comments in the Government Gazette and on the OHSC website. The draft Policy was also presented to different stakeholders during the OSHC roadshows held between October 2018 and March 2019. The OHSC has also developed a draft structure of fines and has submitted same to the Minister of Health for consideration and subsequent determination
	% persistently non-compliant health establishments for which enforcement action is initiated within 10 days from the date of receipt of re-inspection or Early Warning System report	No planned target	-	-	-	No planned target. The norms and standards regulations were only promulgated in February 2018 for implementation in February 2019
2.4 Publish information about compliance status of HE with norms and standards	# of reports on inspections conducted, remedial recommendations issued and compliance status of health establishments (annual inspection report)	1	1	0	-1	The draft annual inspection report has been developed and still to be disseminated to stakeholders

Key for Actual Achievement column

Achieved
Partially Achieved
Not Achieved

ACHIEVEMENTS

Compliance Inspectorate

During the 2018/19 financial year, the Compliance Inspectorate Unit conducted inspections in 730 health establishments out of a target of 725. The OHSC Inspector's Code of Conduct for the inspectors has been developed and published on the website for stakeholder consumption. The Inspectors were also trained on the Code of Conduct.

Sampling of health establishments

The sampling strategy took into consideration the distance between the HEs, budget, time and number of inspectors available for a given inspection week. A multi-stage strategy was used to select HEs to be inspected, starting with province selection then district(s) within the selected provinces; thereafter sub district(s) within the selected districts. Within the sub-districts selected, HEs were generally conveniently sampled based on their location. The percentage of HEs inspected per province is 19% (730/3816).

Table 10: Inspections coverage for public sector health establishments in nine provinces for the Financial Year 2018/19.

Province	CHC	Clinic	Hospitals	Total
Eastern Cape	7	138	9	154
Free State	2	44	5	51
Gauteng	7	73	6	86
KwaZulu-Natal	3	108	6	117
Limpopo	5	101	7	113
Mpumalanga	10	48	5	63
North West	7	52	2	61
Northern Cape	-	32	3	35
Western Cape	8	35	7	50
Total	**49**	**631**	**50**	**730**

Training and accreditation

The formal training of the inspectors started during fourth quarter of the 2018/19 financial year. The training of Inspectors had to be aligned to the promulgated regulations.

Healthcare Risk Waste Management Audits

A community service programme for the Environmental Health Practitioners was established with ten (10) Environmental Health Practitioners appointed on a 12-month contract basis. This programme assisted the organisation in fulfilling the legislative obligations related to conducting environmental health audits, as well as assisting the incumbents with the requisite opportunity for community service in their areas of work.

A total of 252 health establishments were audited nationally, these included establishments at all levels of care. The National Department of Health audit schedule for the 2018/19 Financial Year as well as logistical issues were taken into consideration when determining the number of facilities to audit in each province. The number of facilities audited by province and level of care are shown in table below.

Table 11: Health Risk Waste Management Audits conducted in the 2018/19 Financial Year

Category Type	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpumalanga	Northern Cape	North West	Western Cape	Total
Clinics	20	28	11	14	7			17	22	**119**
Community Health Centres	4	2		2	4			7	4	**23**
District hospitals	10	15	2	4	6	4	1	4	9	**55**
Regional hospitals		4	2	4	3		1	6	2	**22**
Provincial hospitals	5	1	1	1		1			1	**10**
Central hospitals	1		2							**3**
Specialised TB hospitals	4			2			1		2	**9**
Specialised psychiatric hospitals	1		2	4	2			1	1	**11**
Total	45	50	20	31	22	5	3	35	41	**252**

Certification and Enforcement

The procedures for certification of health establishments and the design of a certificate of compliance to be issued by the OHSC have been approved by the OHSC the Board. The draft Enforcement Policy was approved by the Board and published in the Government *Gazette* and the OHSC website for public comments. The purpose of the Enforcement Policy is to outline the approach and principles adopted by the OHSC for the exercise of its enforcement powers.

The certification process and Enforcement Policy were presented to different stakeholders during the consultative workshops conducted by the OHSC between October 2018 and March 2019 as well as during the workshops on ideal hospital realisation framework conducted by the National Department of Health between September and November 2018. The Policy was also presented to the Technical Committee of the National Health Council in November 2018.

Challenges

The inspection teams encountered several challenges in fulfilling the OHSC's mandate relating to inspections this including protests and floods which resulted in rescheduling or rerouting of inspections. The promulgation of the norms and standards led to a limitation of not being able to inspect private health establishments as well as the inability to enforce compliance on health establishments.

Way Forward

In 2019/20 financial year, the OHSC will for the first time inspect public and private clinics, CHCs and hospitals using the regulated norms and standards. Health establishments found to be compliant with the regulations will be certified and provided with a certificate of compliance which will be valid for a period of four years. For those facilities found to be persistently non-complaint with regulations, the enforcement policy will be implemented upon finalisation. The health risk waste management audits conducted by the community service environmental health practitioners will be continued in 2019/20 financial year; however, the OHSC does not receive a dedicated budget for health risk waste audits.

All inspectors will be certified as per section 80(2) of the National Health Act. The inspection strategy for 2019/20 has been finalised, disseminated and available in the OHSC website, this strategy will be used to guide Inspections.

All comments received on the Enforcement Policy will be considered, evaluated, and consolidated. Following the consideration of public comments received, the Policy will be Gazetted as final and ready for implementation. The Certification and Enforcement Manual will be shared with stakeholders and published on the OHSC website for public consumption.

Table 12: Performance against allocated budget: Compliance Inspectorate, Certification and Enforcement

Programme	Budget	Actual expenditure	(over)/Under expenditure
Compliance Inspectorate, Certification and Enforcement	49 299 644	61 691 037	(12 391 393)
TOTAL	**49 299 644**	**61 691 037**	**(12 391 393)**

The over expenditure was funded through the surplus emanating from the 2017/18 financial year.

PROGRAMME 3: COMPLAINTS MANAGEMENT AND OMBUD

PROGRAMME PURPOSE

To consider, investigate and dispose of complaints relating to the non-compliance with prescribed norms and standards in a procedurally fair, economical and expeditious manner.

Description of strategic objectives

Table 13: Strategic objectives for Compliance Inspectorate, Certification and Enforcement

Strategic Objective 3.1	**Create an accessible mechanism to lodge complaints with the OHSC**
Objective statement	An accessible mechanism by which Complaints can be lodged with the OHSC is in place
Indicator	Fully functional Call Centre system for receiving complaints
Baseline (2017/18)	Call Centre Functional
Target (2015-20)	Call Centre Functional

Strategic Objective 3.2	**Investigate and respond to complaints or concerns about non-compliance with norms and standards effectively**
Objective statement	Complaints regarding non-compliance with norms and standards are effectively investigated and responded to
New indicator	% of complaints resolved in the Call centre within two months of lodgement
Baseline (2017/18)	New
Target (2015-20)	60%
New Indicator	% of user complaints resolved within 30 working days through assesment/ screening
Baseline (2017/18)	New
Target (2015-20)	30%
Indicator	Procedures for receiving and managing complaints developed
Baseline (2017/18)	Procedures for receiving and managing complaints have been developed, approved and are fully functional
Target (2015-20)	Procedures for receiving and managing complaints in place
Indicator	% of complaints lodged with the OHSC investigated and responded to within six months
Baseline (2017/18)	55.3%
Target (2018-20)	80%

Strategic Objective 3.3	**Issue findings and recommendations about complaints of non-compliance with prescribed norms and standards within six months**
Objective statement	Findings and recommendations relating to complaints of non-compliance with prescribed norms and standards are issued within 6 months
Indicator	System and procedures for investigation of complaints set up
Baseline (2017/18)	-
Target (2015-20)	System set up and functional
Indicator	% of investigations finalised by the Ombud within 6 months from the lodgement date
Baseline (2017/18)	-70%
Target (2018-20)	80%

Strategic Objective 3.4	**Communicate and monitor recommendations made by the Ombud**
Objective statement	Ombud recommendations about complaints of non-compliance with prescribed norms and standards are communicated to OHSC for monitoring and follow up
Indicator	Procedures for communication and monitoring of Ombud recommendations set up and functional
Baseline (2017/18)	Procedures for communication and monitoring of Ombud recommendations were approved in 2017/18
Target (2015-20)	System set up and functional
Indicator	% of Ombud recommendations monitored for implementation by health establishment within six months of tabling to OHSC
Baseline (2017/18)	65%
Target (2018-20)	80%

Overview of deliverables vs achievements

Table 14: Performance against strategic objectives for the 2018/19 financial year

Programme 3: Complaints Management and Ombud						
Strategic objective	**Performance indicator**	**Actual achievement 2017/18**	**Planned Target 2018/19**	**Actual achievement 2018/19**	**Deviation from planned target to actual achievement for 2018/19**	**Comment on deviations**
3.1 Create an accessible mechanism to lodge complaints with the OHSC	Fully functional Call Centre system for receiving complaints	Call Centre functional	-	-	-	Achieved in 2016/17
3.2 Investigate and respond to complaints or concerns about non-compliance with norms and standards effectively	Procedures for receiving and managing complaints developed				-	Achieved in 2016/17
	% complaints resolved in the call centre within two months of lodgement	New Indicator	50%	77.84% (1082/1390)	+27.84% (387/1390)	The target for complaints resolved within two months was exceeded with 387 complaints within the specified time frame
	% of user complaints resolved within 30 working days through assessment/screening	New Indicator	50%	49.42% (43/87)	-0.58% (-0.5/87)	Target underachieved with 0.58% due to high caseload per assessor. Each assessor had an average of 61 complaints while the Director had 187
	% of complaints lodged with the OHSC investigated and responded to within six months	55.3%	80%	2.53% 2/79	-77,47% (77)	The investigators were still handling backlog cases that were emanating from the previous financial year. 23 cases were still falling within 6months were carried over in the year under review. The investigators managed to complete 26 cases inclusive of the backlog cases. 2 investigators assisted the Health Ombud on an investigation of a complex case that took 5months to be resolved

Continued

						Limited human capital to meet the rapidly increasing workload and complex cases. Remedial Action: Continue to lobby for more resource allocation for the OHSC and Health Ombud. To address the backlog cases the investigators upheld to prioritise investigations of old and new cases interchangeably
3.3 Issue findings and recommendations about complaints of non-compliance with prescribed norms and standards within six months	System and procedures for investigation of complaints setup	-	-	-	-	No planned target for 2018/19. The system and procedures for investigation of complaints was set up in 2016/17
	% of investigations finalised by the Ombud within 6 months from the lodgement date	-70%	80%	100%	+20%	The report on an investigation into allegations of patient mismanagement and patient rights violations at the Tower Psychiatric Hospital and Psycho-Social Rehabilitation Centre in Eastern Cape (Tower Hospital) was the only case that the Ombud investigated and it was finalised within six months. The investigation report was received on 23 August 2018

Continued

3.4 Communicate and monitor recommendations made by the Ombud	Procedures for communication and monitoring of Ombud recommendations set up and functional	Procedures for communication and monitoring of Ombud recommendations approved	-	-	-	Target achieved in 2017/18
	% of Ombud recommendations monitored for implementation by health establishments within six months of tabling to OHSC	65%	80%	80%	100%	All recommendation to Institutions (Gauteng Department of Health; HPCSA, Minister), South African Nursing Council (SANC)) related to the Life Esidimeni report were monitored. All recommendations to Institutions (HPCSA, the Minister of Health, SASOP, SACSSP, Eastern Cape DOH and SANC), related to Tower Psychiatric Hospital and Psychosocial rehabilitation centre were monitored

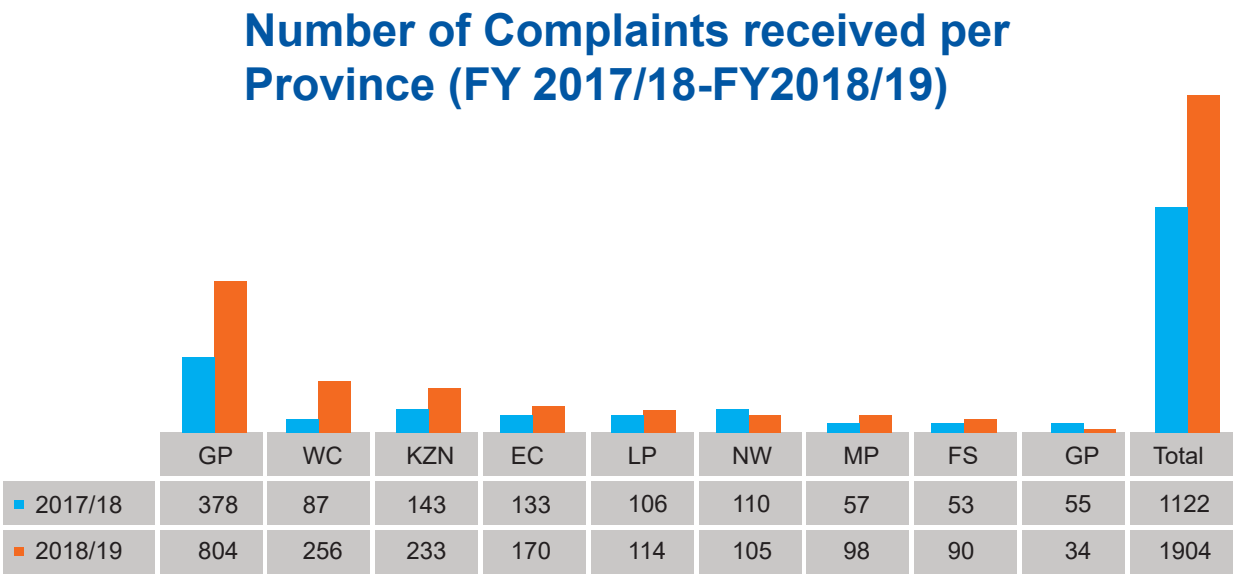
Key for Actual Achievement column

Achieved
Partially Achieved
Not Achieved

COMPLAINTS DATA

The Complaints Centre and Assessment registered 1904 complaints in the OHSC Complaints Management System during the reporting period. Of these complaints, 1588 (83.4%) were resolved; 16 (1%) of which were resolved after six months. Resolution of low-risk complaints in the Call Centre accounted for 77.84% (1082/1390) and those resolved through screening accounted for 49.42% (43/87) as seen in the table 14 above.

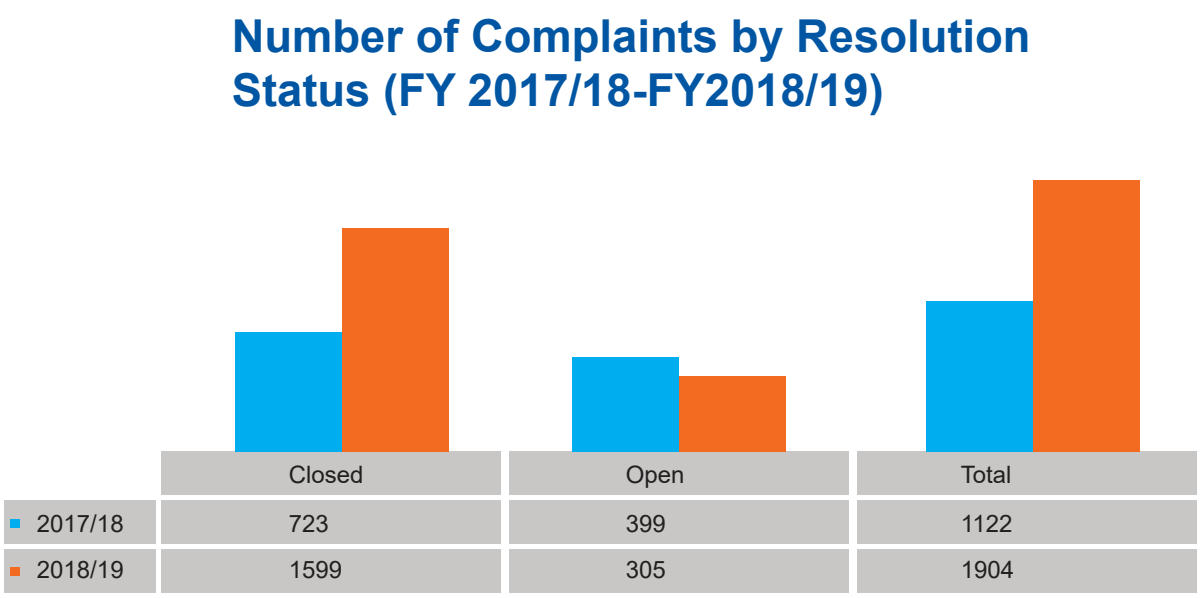
Figure 5: Number of complaints received per province from financial year 2017/18 to 2018/19



	GP	WC	KZN	EC	LP	NW	MP	FS	GP	Total
2017/18	378	87	143	133	106	110	57	53	55	1122
2018/19	804	256	233	170	114	105	98	90	34	1904

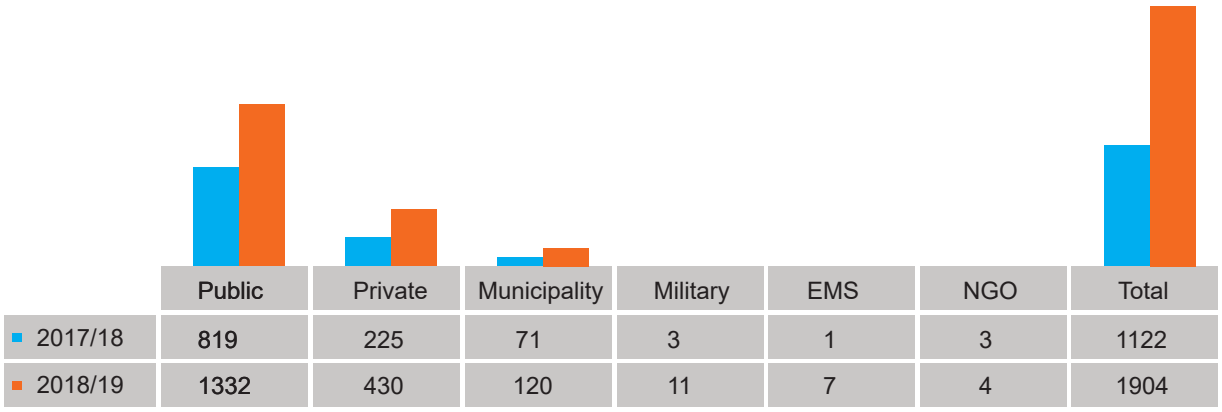
The figure above depicts the number of complaints lodged in the OHSC Call Centre in 2017/18 and 2018/19. An increase of complaints lodged is noted in the year under review as compared to 2017/18. The increase is also observed across the provinces except for North West and Northern Cape where a decrease is noted. In the 2018/19 financial year, most of complaints were received from Gauteng Province with 804 complaints, followed by the Western Cape and KwaZulu Natal with 256 and 233 complaints respectively. Increases in Gauteng and Western Cape are assumed to the high literacy levels of the population. Gauteng population has an advantage of its proximity with the OHSC, the Eastern Cape had 170 complaints, Limpopo 114 complaints, North West 105, Mpumalanga 98, Free State 90 and least number of complaints, 34 were for Northern Cape. Receipt of complaints from these provinces shows that the OHSC is accessible to all in spite of their surrounding areas; rural, peri-urban and urban.

Figure 6: Number of complaints by resolution status in financial year 2017/18 to 2018/19



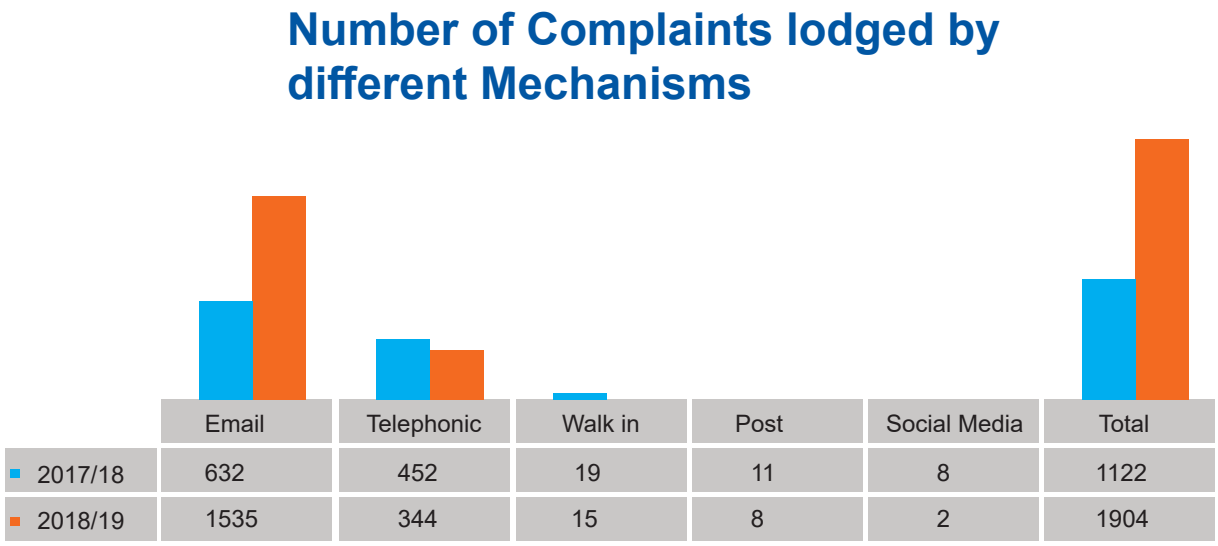
The above figure demonstrates the status of complaints received in the past two financial years and their resolution status. Of the 1904 complaints received in 2018/19, 1599 (83.9%) were closed and 305 (16.1%) are still open in the OHSC Complaints Management System. From the 1599 closed, only 1581 (98.8%) were closed within six months. It should also be noted that 272 (17%) complaints were carried over from the 2017/18 financial year. In comparison to 2017/18, there were 399 complaints carried forward into 2018/19. Overall there was an increase in the number of complaints closed for the year under review.

Figure 7: Number of complaints per category of health establishment in financial year 2018/19



The above figure depicts complaints received per category of health establishment. Of the 1904 complaints received in the year under review, the public sector is leading in the number of complaints received with 1332 complaints, followed by the Private Sector with 430 complaints. The Military accounted for 11 complaints, 7 were related to Emergency Medical Services while Non-Governmental Organisations contributed to only 4 complaints. There is a general increase in the number of complaints per category in comparison to 2017/18 with significant increases in the Public, Private, Municipality and Military.

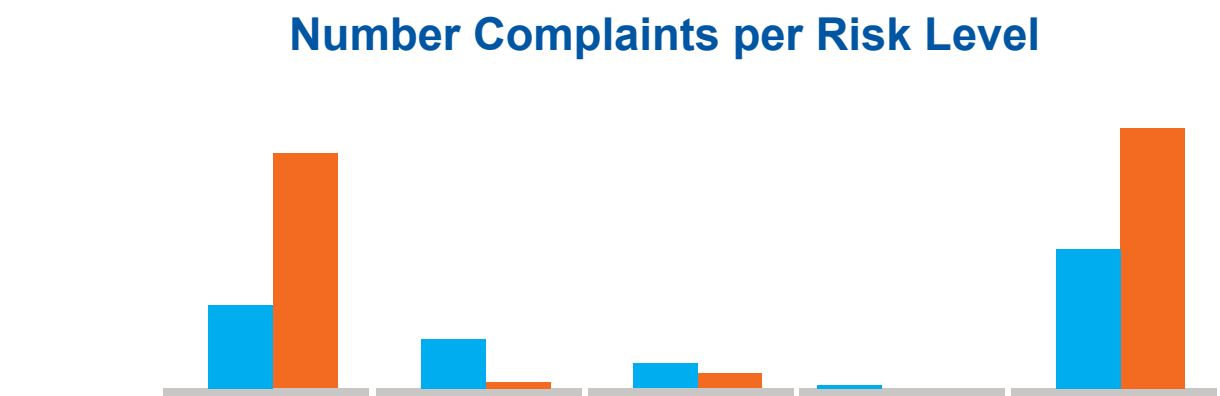
Figure 8: Number of complaints lodged by different mechanisms in financial year 2017/18 and 2018/19



	Email	Telephonic	Walk in	Post	Social Media	Total
2017/18	632	452	19	11	8	1122
2018/19	1535	344	15	8	2	1904

The figure above demonstrates the mechanisms used to lodge complaints with the OHSC Call Centre for the period under review. The use of email is a predominant manner used to lodge complaints. This is suggestive that most complainants are technology savvy and may be literate. A figure of 344 complainants accessed the Call Centre via telephone. A total of 15 complainants preferred to physically visit the OHSC to lay complaints. Eight (8) complaints were received by post and 2 by social media. Email complaints have significantly increased in the year under review as compared to 2017/18.

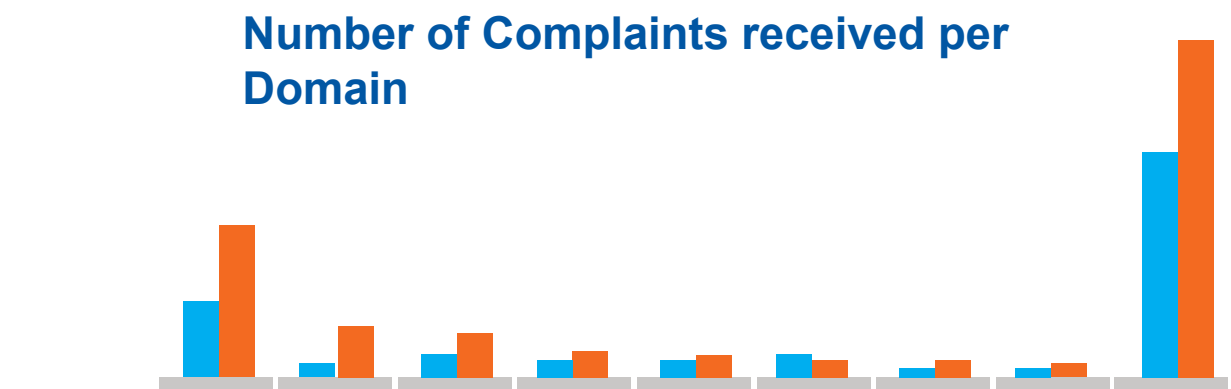
Figure 9: Number of complaints by risk level in financial year 2017/18 to 2018/19



	Low	Medium	HIgh	Extreme	Total
2017/18	561	340	187	34	1122
2018/19	1758	55	79	12	1904

The figure above shows the risk levels of complaints received by the OHSC Call Centre. Most complaints lodged with the OHSC in the year under review are in the low-risk level and have more than tripled in comparison to the previous financial year. All other risk level complaints have decreased when compared to 2018/19.

Figure 10: Number of complaints received by domain in financial year 2017/18 to 2018/19



	PR	PS, CG & PC	Out of Scope	CSS	L&CG	F & I	PH	OM	Total
2017/18	620	387	20	66	9	6	11	3	1122
2018/19	911	590	205	138	34	12	12	2	1904

The figure above depicts complaints received per domain of the National Core Standards. Of the 1904 complaints received in the 2018/19 financial year, the leading causes of dissatisfaction were related to Patients' Rights (PR) with 911, Patient Safety, Clinical Governance & Patient Care (PS,CG& PC) with 590 and Clinical Support Services (CSS) with 138 complaints, while Leadership and Corporate Governance (L & CG) with 34, Facilities & Infrastructure (F&I) with 12 Public Health (PH) with 12, and Operational Management (OM) with 2 complaints were the least of dissatisfactions. The OHSC has also received matters that fall out of its mandate (205); all such cases were referred to the relevant organisations for further processing and handling. In comparison to 2017/18, complaints have increased in all the domains except for operational management.

COMPLAINTS INVESTIGATIONS

Due to organisational financial constraints, the Complaints investigation Unit still operates with the same vacancy rate of 50%, to support the activities of OHSC and OHO. Twenty-three (23) cases emanating from the previous financial year were carried over to the year under review and fifty-six (56) cases were received for investigation in the 2018/19 financial year. Of the 56 cases, 5 (8.93%), were related to the Private Health Sector, and 51 (91.07%) to the Public Health Sector. Gauteng Province was leading with 18(32.14%) complaints lodged for investigations, followed by Free State with 7 (12.50%), Limpopo and Western Cape with a tie of 6 (10.71%) each, Eastern Cape and Mpumalanga 5(8.93%) cases each, KwaZulu-Natal 4 (7.14%), Northern Cape 3 (5.36%) and North West 2 (3.57%) .The investigators managed to complete a total of 26 (inclusive of backlog cases).The figure below demonstrates cases that were investigated per Province in the 2018/19 Financial Year.

Figure 11: Number of cases investigated per Province in 2018/19 Annual Year

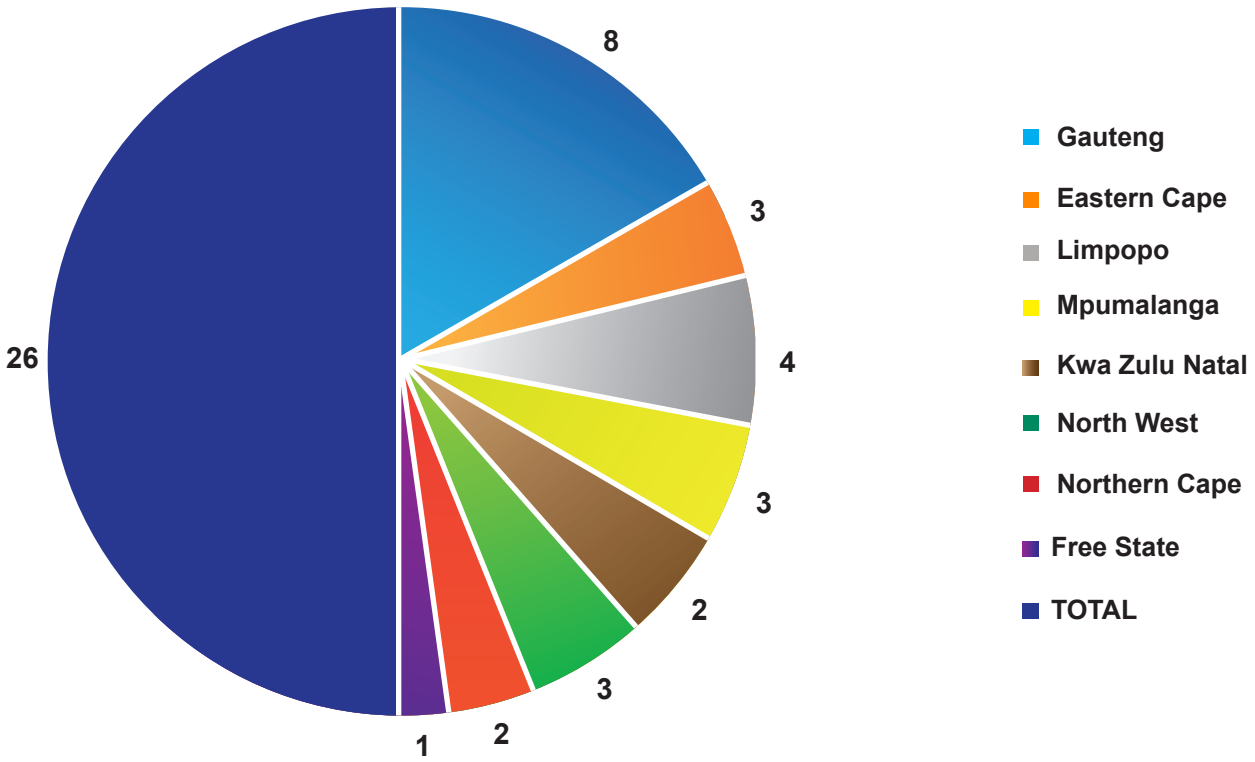
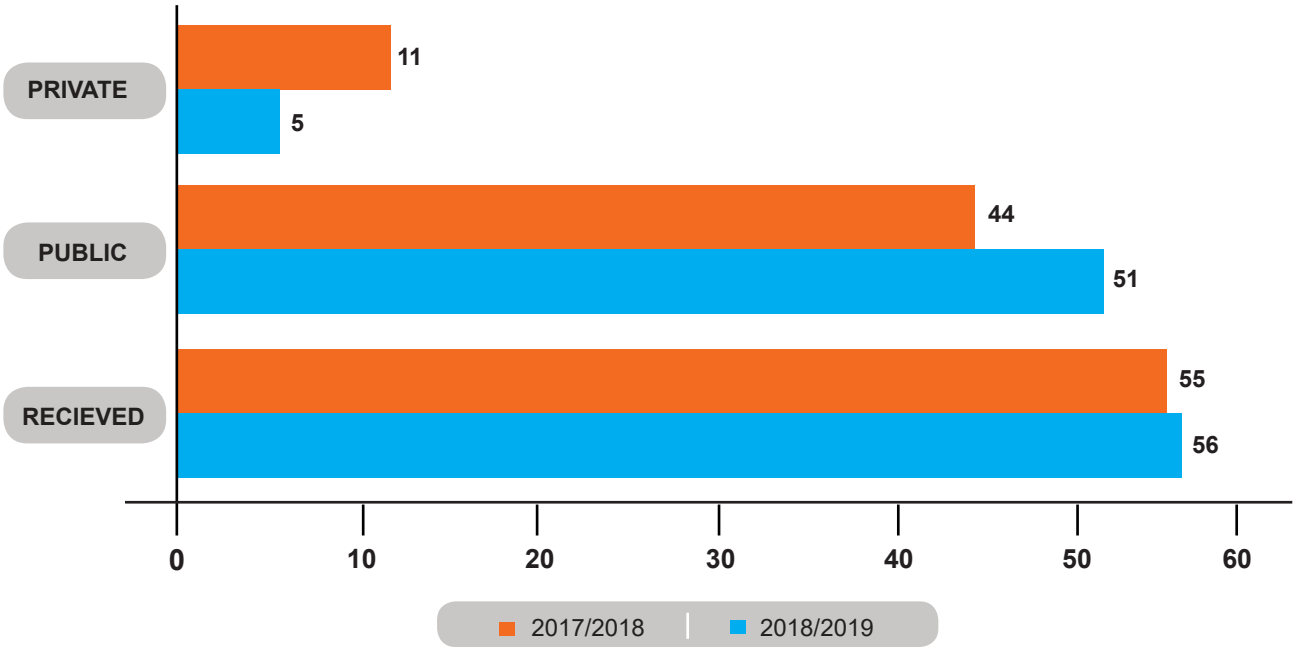


Figure 12: Number of complaints received for investigations per type of facility in the financial years 2017/18 and 2018/19



Achievements

During the reporting period, additional contractual posts for Complaints and Investigations were appointed to alleviate the shortage of human resources. Six (6) one-year contract posts were approved through surplus funds; five clinical and one administrative. These made a difference to the human resource capacity of the Complaints Centre and Assessment. It is critically important for the OHSC to be supported with additional funds to retain and convert the contractual positions into permanent positions.

The complaints investigators and the Director: Complaints Centre and Assessment worked with the Health Ombud in handling a unique complex case that was lodged by a health care professional, alleging institutionalised, systematic or deliberate violations of Human Rights by staff at Tower Psychiatric Hospital and Psychosocial Rehabilitation Centre (TPHPRC). The final report on an investigation into allegations of patient mismanagement and patient rights violations at (TPHRC) was released, disseminated and publicised in various media platforms.

Consultative workshops on the OHSC legal expectations of managing complaints were conducted as part of increasing awareness on the functioning of the OHSC on the procedures and processes pertaining to complaints handling and investigation reaching all the nine provinces. The target audience reached were from public and private health sector and other relevant stakeholders, a total of 2 317 people attended the workshops in all nine provinces.

Challenges

The Complaints Management Programme has completed the fourth financial year of operation without an Executive Managers which conflates roles and these compounds challenges in strategic imperatives of the programme. The 50% vacancy rate, in the Investigation Unit, compounded the finalisation of complaints investigations within the expected timeframe. Investigators handled complex cases, where more than one health establishment is implicated in one registered case.

The OHSC has started to receive complaints from legal representatives acting on behalf of complainants. The OHSC outcomes may be used to litigate against health establishments. In light of the increased complaints received by the OHSC, a need still exists for the Complaints Centre and Assessment and Investigation Units organogram to be fully funded.

Moving Forward

In 2019/2020, the Complaints Management Programme intends to advocate for additional funds to increase human capital in the Complaints Management Programme.

Table15: Performance against allocated budget: Complaints Management and Ombud

Programme	Budget	Actual expenditure	(Over)/Under expenditure
Complaints Management and Ombud	17 613 436	15 791 777	1 821 659
TOTAL	**17 613 436**	**15 791 777**	**1 821 659**

The under expenditure arose from the provision for legal costs, which was not used as there was no litigation against the OSHC.

PROGRAMME 4: HEALTH STANDARDS DESIGN, ANALYSIS AND SUPPORT

PROGRAMME PURPOSE

To provide high-level technical, analytical and educational support to the work of the OHSC in relation to research of norms and standards; guidance on compliance with norms and standards, analysis of data collected and the establishment of communication networks with other stakeholders.

Description of strategic objectives

Table 16: Strategic objectives for Health Standards Design, Analysis and Support

Strategic Objective 4.1	**All health establishments obligated or regulated by prescribed norms and standards to submit annual returns before the end of March each year for purposes of monitoring and inspections**
Objective statement	All HEs obligated by prescribed norms and standards annually submit required data for analysis to determine the profile of each HE
Indicator	System for submission of annual returns by regulated health establishments set up and functional
Baseline (2017/18)	System set up
Target (2015-20)	System set up and functional
Indicator	% of annual returns analysed within 60 days to determine the profiles of HE
Baseline (2017/18)	-
Target (2018-20)	80%

Strategic Objective 4.2	**Recommend norms and standards for different types of HEs for submission to the Minister for promulgation**
Objective statement	Norms and standards for different types of HEs are recommended to the Minister for promulgation
Indicator	Number of norms and standards recommended to the Minister annually
Baseline (2017/18)	1
Target (2015-20)	3

Strategic Objective 4.3	**Provide guidance on compliance with norms and standards for regulated HEs**
Objective statement	National, provincial, district and municipal authorities and hospital groups that have completed the OHSC training of trainers programme
Indicator	# of relevant authorities responsible for support to health establishments that have received guidance on compliance with norms and standards
Baseline (2017/18)	8
Target (2015-20)	14

Strategic Objective 4.4	**Monitor early-warning reports of situations of potential risk from HEs or users to prioritise inspections**
Objective statement	Appropriate action (reporting, inspection, investigation) is taken against HEs identified as high risk by early warning reports
Indicator	Fully functional surveillance system that reports on potential risks to compliance
Baseline (2017/18)	System in developmental phase
Target (2015-20)	System set up and functional
Indicator	% of health establishments identified as high risks that are referred to the appropriate division/unit within OHSC
Baseline (2017/18)	100%
Target (2018-20)	100%

Table 17: Overview of deliverables vs achievements

Programme 4: Health Standards Design, Analysis and Support						
Strategic objective	**Performance indicator**	**Actual achievement 2017/18**	**Planned Target 2018/19**	**Actual achievement 2018/19**	**Deviation from planned target to actual achievement for 2018/19**	**Comment on deviations**
4.1 All health establishments obligated or regulated by prescribed norms and standards to submit annual returns before the end of March each year for purposes of monitoring and inspections	System for submission of annual returns by health establishments set up	System set up	-	-	-	The target was achieved in year 2016/17
	% of annual returns analysed within 60 days to determine their profiles of HEs	-	80%	100%	20%	268 Hospital Annual Returns profiles out of 347 were received. All submitted Annual Return profiles were analysed within 60 days
4.2 Recommend norms and standards for different types of HEs for submission to the Minister for promulgation	Number of norms and standards recommended to the Minister annually	1	1	1	-	The norms and standards for Emergency Medical Services were developed and submitted to the Minister for further consideration
4.3 Provide guidance on compliance with norms and standards for regulated HEs	Number of relevant authorities responsible for supporting HEs that have received guidance for compliance with norms and standards	8	12	15	3	Following the promulgated norms and standards, the engaged with all relevant health authorities to outline the promulgated norms and standards for different categories of all health establishment as part of guidance and support

4.4 Monitor early warning reports of situations of potential risk from HEs or users to prioritise inspections	Fully functional surveillance system that reports on potential risks to compliance	System in a development phase	System for data collection and surveillance set up	System for data collection and surveillance has been set up	None	The EWS system has been set up. The EWS data feeds have been developed and are functional. The Complaints and Inspection tools data feeds are synchronized with the EWS system. Data feeds for 24 hour and monthly indicators are functional. Training of provinces on the EWS will take place in the 2019/20 financial year.
	% of health establishments identified as high risk that are referred to the appropriate division/unit within OHSC	100%	100%	100% (80/80)	0%	A total of 80 Health Establishments were identified and referred for inspections

Achieved
Partially Achieved
Not Achieved

ACHIEVEMENTS

Health Standards Design and Development & Guidance and Support

The draft Norms and Standards for Emergency Medical Services were developed and submitted to the Minister of Health for consideration in the last quarter of the financial year. During the reporting period, the unit commenced with the development of regulatory inspection tools for Hospitals, Community Health Centres and Clinics to enable the commencement of Regulation of Different Categories of HEs in the 2019/20 financial year. These activities included workshops with the public and private sector hospitals and primary care clinics.

Consultative workshops were conducted with the OHSC inspectorate teams on the development of inspection measurements database aligned to the promulgated norms and standards in preparation for the development of inspection tools for implementation in 2019 as prescribed.

Consultative meetings were conducted with the Hospital Association of South Africa (HASA) group members to discuss: -

- the mandate of the OHSC.
- the outline of the promulgated norms and standards and the alignment to the inspection tools.
- the inspection tools consultation process and outline the process to be followed.
- to inform stakeholders about the roadshows to be conducted by the OHSC and the NDoH for both private and public HEs and to solicit their active participation in the finalization of the inspection tools.

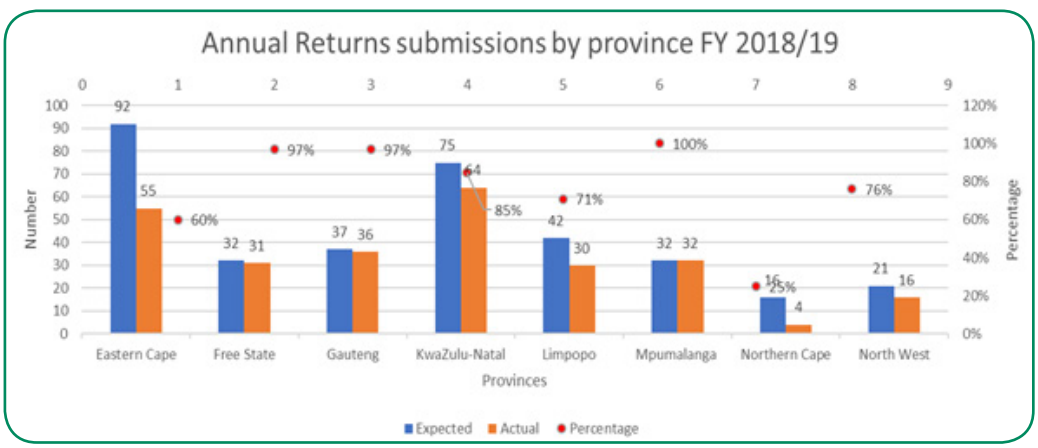
Guidance materials are being revised and will be aligned to the promulgated norms and standards. This initiative will assist the HEs to understand, interpret the measures and improve compliance with the standards.

The support visit was conducted at the KwaZulu-Natal province to provide guidance to the relevant health authorities on the interpretation of inspection results, how to conduct self-assessment and the implementation of quality improvement plan.

Annual Returns System

The Annual Returns system has been developed and collects Hospital Annual Returns profiles in the public sector. This system is meant to assist health establishments to comply with the legal requirement to lodge annual returns with the OHSC within a specified period of time. In accordance with the overall organisational Information Technology strategy, this system aligns with the needs of the OHSC in realising an effective data analytic strategy. The Annual Return system is being extended for use by private hospital groups. The OHSC has strengthened its relationship with stakeholders and users of this analytic tool in order to ensure attainment of performance goals of the system. Public and Private Hospitals will submit annual returns from the first quarter of 2019/20 financial year.

Figure 13: Annual returns submission by province in financial year 2018/19



The above Figure shows Annual Returns submissions by province in financial year 2018/19 whereby a total of 268 annual returns profiles were received out of 347 expected nationally from hospitals in the public sector. The graph indicates the expected annual returns for each province and the actual number submitted to the OHSC.

Early Warning System

The purpose of the EWS system is to assist the OHSC and institutions in identifying potential risks to patient safety and respond appropriately before any undesired incidents occur, and for the HEs to prevent recurrence by implementing corrective measures. Accuracy, timeous reporting and readily available data form the backbone of the EWS as it is critical for decision making and quality interventions. Furthermore, selected indicators from the OHSC complaints management call centre are synchronised to the EWS. These sources are functional and play a central role in identification of HEs for risk-based inspections. The HEs reporting portal has been developed to aid reporting of 24 hours and monthly EWS indicators by hospitals for implementation in 2019/20. An EWS dashboard will be developed in 2019/20.

Challenges

The HSDAS division has been unable to address the issue of staff limitations due to unfunded posts including being able to attract the relevant skills during the recruitment process. Some of the functions within the division are therefore affected resulting in current personnel being overstretched.

Moving Forward

In 2019/20, the OHSC will continue to hold workshops on the regulated norms and standards to communicate the regulations, provide guidance on the intent of the regulations and the interpretation of the measures to the implementers. Two additional staff members have been recruited for the standards development unit to assist with the development of inspection tools for the promulgated regulations and training related to the inspection tools for the public and private sectors.

Workshops to train the master trainers on the developed inspection tools for the public and private health relevant authorities will be conducted in 2019. The HSDAS division will continue to conduct more in-depth and proactive data analysis to provide trends, best practises and areas of concern utilising information gathered during OHSC's inspections. The division will set up routine systematic analysis to provide the information required to recommend quality assurance and management systems for the national health system in accordance with the NHA.

The private sector annual returns system has been developed and it is yet to be launched in order to enable private hospital groups to submit their profiles. This process will be concluded following the imminent appointment and contracting of an IT service provider to support this initiative.

The functionality of the EWS system has been improved to enable synchronisation of components of complaints and inspections data. The launch of 24 hours and monthly reporting has been planned for the financial year 2019/20. Training of public and private HEs to report on 24 hours and monthly indicators will take place in the 2019/20 financial year. The internal EWS workshop was held in March 2019 where a process of wider consultation with key stakeholders as an initiative to revise the indicators was started. Piloting of the EWS in a small scale will take place before the launch of the system in HEs.

Table 18: Performance against allocated budget: Health Standards Design, Analysis and Support

Programme	Budget	Actual expenditure	(Over)/Under expenditure
Health Standards Design, Analysis and Support	12 186 593	9 864 897	2 321 696
TOTAL	**12 186 593**	**9 864 897**	**2 321 696**

The under expenditure resulted from vacant post, which took long to fill as a result of relevant skills not available.

SIX

REVENUE COLLECTION

Table 19: Revenue collection

Revenue	Budget	Actual Revenue	(Over)/Under Income
Government grant and Subsidies	129 678 000	129 678 000	-
Interest recieved		1 583 629	(1 583 629)
Proceeds from insurance		27 664	(27 664)
Award from Board of Healthcare Funders		40 000	(40 000)
	129 678 000	**131 329 293**	**(1 651 293)**

PART C

GOVERNANCE

ONE

INTRODUCTION

The OHSC is a schedule 3A public entity under the PFMA, 1999, with a Board appointed by the Minister of Health under the NHA and accountable to the Minister in terms of reporting on the operational activities of the entity. In executing its responsibility for corporate governance within the OHSC, the Board has put in place governance processes, systems and structures to assist in the control, direction and accountability of the entity.

TWO

PORTFOLIO COMMITTEE

During the year under review, the OHSC had several meetings with the Portfolio Committee on Health where presentations were made on the Annual Performance Plan for the 2019/20 financial year, the Annual Inspection Report for the 2016/17 financial year and the Annual Report of the prior year (2017/18). The Portfolio Committee acknowledged the resource constraints experienced by the OHSC and further commended the OHSC for continuing to protect and promote the health and safety of users despite the resource constraints. The Portfolio Committee also commended the OHSC for the incisive efforts it took to increase visibility and accessibility, through various communication campaigns and stakeholder interactions undertaken during the 2017/18 financial year, particularly in historically marginalised members of the public.

THREE

EXECUTIVE AUTHORITY

During the year under review, the OHSC submitted the following reports/returns to the executive authority as required by the PFMA:

- Quarterly performance information reports and management accounts for the year 2018/19;
- 2019/20 Annual Performance Plan and Budget, including the Materiality and Significance Framework; and
- Report on compliance inspections findings in public health establishments for the 2016/17 financial year.

The promulgation of the norms and standards in 2017/18 by the Minister of Health will enable the OHSC to inspect all HEs (Clinics, CHCs and Hospitals), both private and public, as well as ensure the certification of compliant health establishments and enforcement of compliance where necessary. All these interventions will be in support of the broader national programme on the National Health Insurance (NHI).

THE ACCOUNTING AUTHORITY/BOARD

Introduction

The Board is appointed by the Minister of Health in terms of the National Health Act, 2003. Our Board remains effective and responsible for the overall leadership, transparency and performance of the OHSC. The Board has delegated the day-to-day management and operations of the OHSC to the Chief Executive Officer. We believe that the OHSC team has the right combination of skills and abilities to drive the mandate of the organisation, with the ability to interrogate issues and offer insights in all areas of our operations, including transformation and business evolution.

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. Each member of the Board possesses a range of requisite skills, experience and competencies to perform their occupation and are provided with additional support by the OHSC. In effectively providing oversight and guidance to the OHSC, the Board remains acutely aware of various legislations and relevant codes of best practice, including, but not limited to:

- The National Health Act, 2003;
- Public Finance Management Act, 1999 and Treasury Regulations;
- Companies Act, 2008;
- Income Tax Act, 1962;
- Value Added Tax Act, 1991; and
- Protocol on Corporate Governance for the Public Sector 2002.

The Board's primary responsibilities include:

- Determining the purpose and values of the OHSC;
- Providing strategic and policy direction;
- Identifying the key risk areas and key performance indicators of the business;
- Monitoring the performance of the OHSC against agreed objectives;
- Advising the OHSC on significant financial matters and reviewing the performance of the executive management against defined objectives and, where applicable, industry standards.

During the period under review, the Board continued to provide management with strategic direction to execute the OHSC strategy and implement the operational plans for the strategic programmes. The Board monitored and reviewed the quarterly performance reports in terms of strategic goal achievement and was satisfied with management's progress in executing the organisation's strategic plan.

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 monitoring 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 ensure its responsible conduct towards all relevant stakeholders with a legitimate interest in its affairs.

In giving effect to its role, the Board defined the following key issues to consider in its control and direction of the OHSC:

- The Board assumes ultimate accountability and responsibility for the performance and affairs of the OHSC and therefore effectively represents and promotes the mandate and legitimate interests of the organisation and its stakeholders;
- The Board has a responsibility to the broader stakeholders who include, among others, the present and potential beneficiaries of OHSC services, clients, suppliers, employees and the wider community, to ensure their continuing benefits from the services of the OHSC;
- The Board develops clear definitions of the levels of appropriate materiality or sensitivity to determine the scope and delegation of its authority and ensure that it reserves specific powers and authority for itself as outlined in the NHA;
- That all delegated authority is in writing and evaluated on a regular basis to ensure relevance and effectiveness and alignment with the relevant changes in the OHSC;
- The Board manages the potential conflicts of interest of Board members, management and the wider stakeholders to ensures clean, transparent and accountable governance within the OHSC;

- The Board oversees the values and ethics of the OHSC and ensures that the relevant code of conduct is in place;
- The Board is responsible for ensuring that succession plans are in place for the CEO, Executive Management and key positions within the OHSC;
- The Board ensures that the technology and systems in the OHSC are appropriate for the effective and competitive running of the organisation as well as for the effective use of resources.

The Board manages and protects the financial position of the OHSC with assistance from the Internal Audit function to ensure that:

- There is strict adherence to the PFMA and National Treasury Regulations;
- The Annual Financial Statements fairly present the business of the entity, contain proper disclosures and conform to the requirements of the National Treasury Regulations;
- Appropriate internal controls and regulatory compliance, policies, procedures and processes are in place, and that;
- Non-financial aspects relevant to the OHSC are identified and monitored;
- The Board implements and maintains an effective organisational risk management framework and ensures that the key risk areas and key performance indicators of the OHSC are identified and monitored;
- The Board is satisfied that the OHSC has a sound communication policy and an effective stakeholder management framework and that it communicates regularly, openly and promptly with its staff and all relevant stakeholders, with substance prevailing over form;
- The Board reviews the strategic direction of the OHSC and adopts business plans proposed for the achievement of objectives;
- The Board reviews processes to ensure that the OHSC complies with key legal obligations;
- The Board delegates appropriate authority to the CEO for capital expenditure and reviews investment, capital and funding proposals;
- The Board oversees performance against agreed targets and objectives; and
- The Board provides leadership and vision to enhance value and ensure the long-term sustainability of the OHSC.

BOARD CHARTER

Board activities are undertaken in line with the Board Charter developed in consultation with the executive authority. The Charter 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 role of the Chairperson of the Board. The Board Charter 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 Charter by Board members and deals with issues of conflict in the manner provided for in the Charter.

COMPOSITION OF THE BOARD

The Board consists of nine (9) 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* members of the Board. The term of office of the Board commenced on the 01 January 2017 and will end on the 31 December 2019 for all members irrespective of the date of appointment. There is diversity in the Board in terms of skills and competencies as prescribed by the NHA.

Table 20: Board members' information and meetings attended during the 2018/19 financial year

Name and designation	Date appointed	Date resigned	Qualification	Area/s of expertise	Board Director-ships	Other Committees	Meetings attended
***Ms OA Montshiwa (Acting Chairperson)**	01/01/2017	N/A	Diplomas in General Nursing, Diploma in Midwifery, Bachelor of Nursing and Honours in Community Health	Nursing	None	HR and Rem and CEC Com	7
***Prof S Whittaker Member**	01/01/2017	N/A	BSc, UED MBChB, FFCH (CM) SA MMed MD	Medicine Academia Quality improvement and healthcare	None	CEC	8
***Prof EL Stellenberg Member**	01/01/2017	N/A	BCur (Gen Nursing, Midwifery and Psychology), B Hons (Nursing Education and Community Health Nursing) MCur, DCur. PGD in Nursing Admin, ICU and Psychiatry	Higher Education Research Quality Assurance and quality improvement in Health Services Risk man-agement in Health Services Malpractice litigation in Nursing Practice	COHSASA Board	CEC and HR and Rem Com	8

Continued

***Mr OMB Pharasi**	01/01/2017	N/A	M. Pharm (Medical School, Sofia)	Pharmacy Editing & Proof reading	None	ARF Com	8
***Dr BEW Masuku**	01/01/2017	N/A	BSC, MBChB, Fellow College of Obstetrics and Gynaecology and Masters in Medicine	Medicine	Constitutional Hill Board and Council on Higher Education	HR and Rem Com	8
***Mr AK Hoosain**	01/01/2017	N/A	B Com Honours, CA (SA), Certificate in Forensic Accounting, and MBA	Accounting	Council for Medical Schemes, SAICA and University of Western Cape	ARF Com	5
**** Ms KS Mahlangu**	29/05/2017	N/A	B Proc, LLB and MAP	Law	Road Transportation Board	ARF and CEC Com	7
**** Ms S Barsel**	29/05/2017	N/A	Certificate in Professional Coaching Practice, Advanced Diploma in Adult Education and BA	Parliamentary services, labour, health and education sector	None	ARF Com	8
*****Prof MN Chetty**	27/02/2018	N/A	MBchB, FCFP (SA), MFamMed, MPH (USA) DTM+H, DOH, DHSM	Quality Standards Setting and Best Practice Initiatives	KZN Doctors Healthcare Coalition, IPA Foundation of SA. and UKUSA Healthcare Consultants	None	5

*Appointed from 01 January 2017

** Appointed from 29 May 2017

*** Appointed from 27 February 2018

Board Committees

The Board established three sub-committees to assist in discharging its duties. The sub-committees operate according to the functions set out in Board-approved Terms of Reference for each sub-committee.

The table below lists the sub-committees, members of the sub-committees and the number of meetings held during the year under review.

Table 21: Board Sub-Committees, members and meetings for the 2017/18 financial year

Committee	Committee	Number of meetings	Number of members
Audit, Risk and Finance Committee (ARF Com)	*Mr AK Hoosain (Chairperson) **Ms S Barsel *Mr OMB Pharasi **Ms KS Mahlangu	8	4
Certification and Enforcement Committee (CEC)	*Ms OA Montshiwa (Chairperson) *Prof EL Stellenberg *Prof S Whittaker **Ms KS Mahlangu ** Ms S Barsel ** Mr OMB Pharasi *** Prof MN Chetty	6	7
Human Resource and Remuneration Committee (HR and Rem Com)	*Prof EL Stellenberg (Chairperson) *Ms OA Montshiwa *Mr AK Hoosain *Dr BEW Masuku	4	4

*Appointed from 01 January 2017

** Appointed from 29 May 2017

*** Appointed from 27 February 2018

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. In terms of the Board Remuneration policy, remuneration is approved for meeting preparation of one day in line with National Treasury hourly tariffs for sub-category A2 entities. The remuneration paid to each Board member for the year under review are included in the Annual Financial Statements under “Related Parties Transactions” (Note 22).

FIVE

RISK MANAGEMENT

The Board adopted a Risk Management Policy and strategy which are aimed at optimal management of risk for the entity to achieve its vision and mission, principal tasks, key strategic objectives and to protect the core values of the organisation. Under the risk management policy, management conducts regular risk assessments to determine the effectiveness of the risk management strategy and identify new and emerging risks. A strategic risk register was developed and identifies the top risks facing the entity. Mitigating controls are continuously being monitored for effectiveness in addressing the risks. Where these are found to be ineffective, new control measures are developed to mitigate risks to acceptable levels.

The Internal Audit function plays an important role when conducting risk-based audits to evaluate the effectiveness of management controls in mitigating risks and where gaps are identified, management implements recommended action plans to address the identified gaps. The Board is ultimately responsible for and assumes ownership of risk management as the accounting authority in line with Section 51 of the Public Finance Management Act, 1999. In this regard the Board has undertaken the following:

- setting an appetite for risk for the OHSC;
- determining the risk-bearing capacity and tolerance level for key risks, which should not exceed the risk appetite;
- monitoring and reviewing the extent to which management has established effective risk management measures in their respective units;
- ensuring that management has implemented an ongoing process to identify, assess and manage risks;
- forming its own opinion about the effectiveness of the risk management process;
- ensuring that the risk management process is formally evaluated on an annual basis; and
- providing guidance and direction to management in respect of risk management.

The Audit, Risk and Finance (ARF) Committee was established to advise the Board on the overall system of risk management, especially the mitigation of unacceptable levels of risk. The Committee further advises the Board on risk management and independently monitors the effectiveness of the system of risk management.

The effective risk management process has resulted in improved performance and where controls were found to be ineffective, other controls were developed to address risks at tolerable levels.

Materiality and Significance Framework

For the year under review the Board has, in terms of Treasury Regulations, developed a Materiality and Significance Framework, taking into account the size and operations of the OHSC.

Materiality

Taking into account the guidelines provided in the National Treasury's Practice Note on Applications Under Section 54 of the PFMA by Public Entities, the materiality amount of the OHSC was set at R2.1 million. The materiality amount was calculated as 5% of the OHSC surplus of R 42.7 million for the 2016/17 financial year.

Significance

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

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

SIX

INTERNAL CONTROL SYSTEMS UNIT

Internal control systems were implemented to create confidence in the financial position of the OHSC and ensure the safeguarding of assets (including the security of information) and compliance with applicable laws, regulations and government policy prescripts. Internal auditors monitor the functioning and effectiveness of the internal control systems and make recommendations to management and the ARF Committee. The ARF Committee reports to the Board regarding the internal control environment within OHSC and, where necessary, the Board adopts recommendations from the Committee to improve the internal control environment.

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 and detect fraud, potential liability, and loss and material misstatement; and comply with applicable laws and regulations.

The AGSA and Internal Auditors have considered the internal control systems as part of the annual audit and planned audits, respectively, and identified some deficiencies for which management had to implement an agreed action plans that address the deficiencies and report progress with implementation to the ARF Committee.

SEVEN

INTERNAL AUDIT AND AUDIT, RISK AND FINANCE COMMITTEE

Internal Audit is an outsourced function for a three-year period during which the entity will review its status to determine if the function could be insourced. Internal Audit is important as it provides an 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. The Charter sets out the nature, role, responsibility, status and authority of internal auditing within the OHSC and outlines the broad scope of the Internal Audit function. The OHSC recognises that internal auditing is an independent, objective assurance and consulting activity designed to add value and improve operations through a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes that assist the entity to accomplish its objectives.

The Internal Audit function operates under the guidance and support of the ARF Committee. The Committee was established by the Board under the Terms of Reference that outline the functions, role and responsibilities of the Committee.

The ARF Committee provides assurance to the Board about the internal control environment in the OHSC, governance, risk management and financials, including budgeting, and is responsible for:

- Reviewing the Internal Audit Charter, including the scope of work undertaken by Internal Audit and the Internal Audit structure and budget;
- Ensuring effective coordination between Internal Audit and management, including the implementation, monitoring, evaluation and review of significant findings and
- recommendations by Internal Audit and management's responses and implementation of action plans;
- Reviewing the external auditors' 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 that such services 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 profiles 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, and
    - IT risks as they relate to financial reporting.

- Reviewing whether management has considered legal and compliance risks as part of the OHSC risk assessments and effectiveness of the system for monitoring compliance, including management's investigation and subsequent follow-up;
- Obtaining reports from management and the internal auditors and external auditors regarding compliance with all applicable legal and regulatory requirements and acting on them as appropriate;
- Reviewing the entity's compliance with the National Treasury Framework for managing programme performance information and reporting systems and acting on them as appropriate;
- 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 Committee members and stated by management to be accurate;
- Reviewing with management and the external auditors the results of the external audit on financial statements, including any significant issues identified and acting on them as appropriate;
- Reviewing the Annual Report and related regulatory reports before release and considering the accuracy and completeness of the information; and
- Reviewing the "going concern" assumptions.

Table 22: Audit, Risk and Finance Committee members and meetings attended for the 2017/18 financial year

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	Meetings attended
***Mr AK Hoosain**	B Com Honours, CA(SA), Certificate in Forensic Accounting, and MBA	External	N/A	01/01/2017	N/A	8
Mr OMB Pharasi	M. Pharm (Medical School, Sofia)	External	N/A	01/01/2017	N/A	8
****Ms S Barsel**	Certificate in Professional Coaching practice, Advanced Diploma in Adult Education and BA	External	N/A	29/05/2017	N/A	7
****Ms KS Mahlangu**	B Proc, LLB and MAP	External	N/A	29/05/2017	N/A	6

*Appointed from 01 January 2017

** Appointed from 29 May 2017

*** Appointed from 27 February 2018

EIGHT

COMPLIANCE WITH LAWS AND REGULATIONS

Adherence and compliance to 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 above. Legislative compliance is an ongoing activity within the OHSC and monitoring of any non-compliance with legislative prescripts and reporting thereof for corrective action is the responsibility of every manager in the OHSC. 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 its sub-committees, especially the ARF Committee.

NINE

FRAUD AND CORRUPTION

The Board has committed itself to combating all forms of fraud and corruption and remaining proactive in the fight against fraud and other “white collar” crimes. A Fraud Prevention Plan is in place to create awareness and teach employees how to report suspected cases of fraud and corruption. The Board is confident that the employees and stakeholders will use the reporting channels, including a fraud hotline, to report any suspected case of fraud and corruption.

The Fraud Prevention Plan consists of a system of internal controls to assist in preventing and detecting fraud and corruption. The system of internal controls includes, among others, creating a fraud awareness culture, developing policies and procedures, implementing a system for segregation of duties in business transactions, internal auditing, on-going risk assessment and a process for reporting and monitoring allegations of fraud and corruption. The Board, through the ARF Committee, regularly monitors and reviews business risk relating to fraud and corruption.

TEN

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) to minimise if not prevent them. On an annual basis, Board members and OHSC Senior Management are required to disclose financial interests. The disclosures are meant to ensure that there is no conflict of interest when decisions are made by anyone within the OHSC governance structures.

Furthermore, at every OHSC Senior Management and Board meeting, members sign a register of declaration of interests in any of the agenda items for discussion to identify any conflict and recuse themselves from the meeting during the discussion of the item of conflict.

ELEVEN

CODE OF CONDUCT

The Board Charter includes a Code of Conduct for Board members. The Charter sets out, among others, the roles of the Board, Board Chairperson and individual Board members, governance of Board meetings, reporting responsibilities of the Board and communication of Board decisions. The Board Code of Conduct is based on the principles of honesty, integrity and ethical leadership and serves as a guide to Board members about 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 as that of the Board and guides employees in their interaction with one another and the public to ensure that the reputation of the OHSC is protected.

During the year under review, there were no reported cases of breach by Board members or employees of the respective Codes of Conduct and Ethics. Disciplinary steps are taken by the OHSC against any employee who breaches the Code. The Board decides whether a Board member in breach of the Code should be referred to the Minister for appropriate action in terms of the NHA, 2003.

AUDIT, RISK AND FINANCE COMMITTEE REPORT

The Audit, Risk and Finance (ARF) Committee is pleased to present its report for the financial year ended 31 March 2019.

Audit, Risk and Finance Committee responsibility

During the review period, the ARF Committee complied with its responsibilities in 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 its responsibilities therein.

The effectiveness of internal control

The ARF conducted its review of the findings of the internal audit function, which was based on the risk assessments conducted in the OHSC. Internal audits were conducted on quarterly reports against pre-determined objectives. Control measures are being implemented to address the areas of weaknesses identified by the internal auditors. The ARF Committee will continue to monitor the implementation of the recommendations and internal control measures emanating from the internal audits.

In-year monitoring and quarterly reports

The OHSC submitted quarterly reports to the Executive Authority. The ARF Committee reviewed the reports and recommended them to the Board for approval. The Committee is satisfied with the reported progress by management in implementing the plans and the achievements as at the end of the 2018/19 financial year. The Committee will continue to monitor and review implementation of action plans to ensure that there is improvement from the baseline set in the prior years of operations.

Evaluation of Annual Financial Statements

The ARF Committee reviewed the Annual Financial Statements prepared by the public entity before submission to the external auditors and were satisfied that the financial statements reflected all the 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 commitment to good governance, accountability, and continuous improvement, which build on the foundation that has been laid in prior years.

CHAIRPERSON
AUDIT, RISK AND FINANCE COMMITTEE

HUMAN RESOURCE MANAGEMENT

PART D

INTRODUCTION

The essence of the Human Resources Management unit is to ensure that a productive and conducive work environment is created within the organisation by putting in place effective and efficient human resource systems, practices and programmes that help the organisation to achieve its strategic objectives.
Accordingly, in order to ensure that the strategic objectives of the organisation are realised as set out in the strategic plan, a number of human resources programmes were pursued for the financial year under review. Amongst others, these programmes included recruitment of staff, review of the organisational structure, employee satisfaction survey, internship programme, in-service programme, training and development, performance management, review of policies, and employee wellness programme.

ACHIEVEMENTS

Recruitment of Staff

In order to ensure that the organisation has adequate capacity to fulfil its mandate, a rigorous recruitment drive to fill vacant and funded posts was embarked upon. As a result of this, of the 121 funded posts for the year under review, 117 posts were filled as at 31st March 2019, which represents 97% (7% higher than the target of 90%).

Organisational Structure

In order to ensure that the structure supports the organisational strategy, the current organisational structure was reviewed. The revised structure will ensure that the organisation's functions and processes are duly linked with the organisation's strategic imperatives and create an organisation that is geared for the future.

Employee Satisfaction Survey

To determine employees' level of engagement with the organisation, an employee satisfaction survey was conducted with a view to identifying appropriate interventions required to improve the employees' level of satisfaction within the organisation. The findings and recommendations of the survey will be implemented in the new financial year.

Internship Programme

For the year under review, seven interns were appointed in the internship programme on a 12-month internship programme. The aim of the internship programme is to offer interns an opportunity to acquire the necessary workplace experience so as to enhance their prospects of securing permanent employment. This programme by its nature also assists the organisation in making a meaningful contribution towards skills development in the country.

In-service Programme

In order to create opportunity for community service, an environmental health programme was establishment in which 10 environmental health practitioners were appointment during the financial year on a 12-month contract, with an additional 13 appointed at year end. Through this programme, the OHSC contributed to skills development in the country.

Training and Development

In order to ensure that the employees are equipped with necessary skills to fulfil their responsibilities with the organisation, the training and development of employees was intensified. As a result of this, a significant number of employees attended skills development programmes which included, amongst others, conferences, seminars, and short courses.

Performance Management

In order to create an enabling environment for productivity for the employees and the organisation, a performance management system was implemented wherein employees who demonstrated exceptional performance were rewarded for their respective performance. The performance recognitions rewards were implemented during the current financial year to recognise, appreciate and further encourage the employees to contribute in meeting the organisational goals.

Review and Development of Policies and Procedures

Policies and procedures serve as a tool to enhance good human resources practices. To this end, a number of human resource policies were prioritised for review and development. Accordingly, the following policies were reviewed and/or developed - Employee Wellness Policy, Recognition of Long Service Policy; Recruitment and Selection policy; Employment Equity Policy; Training and Development Policy; Disciplinary Policy and Procedures; Leave Policy and Procedures; Inconvenience Allowance Policy; and Grievance Policy and Procedures.

CHALLENGES

Despite the strides made, there were challenges which included, amongst others:
Limited personnel funding despite that fact that the structure makes provision for posts in different units, only a limited number of posts are funded due to the organisation's budgetary constraints.

Office Space

Although the office space was procured towards the end of the financial year under review, inadequate office space was one of the challenges that required attention. This is crucial for purposes of creating conducive work environment.

ACTION PLANS

For the following financial year, in an effort to further enhance the productive and work environment, the OHSC will prioritise the implementation of the newly approved organisational structure, as well as the recommendations from the employee satisfaction survey. Furthermore, the OHSC unit will also finalise the process of reviewing other policies to ensure that they are aligned to the goals of the organisation.

HUMAN RESOURCE OVERSIGHT STATISTICS

Table 23: Personnel costs by Programme

Programme	Total Expenditure	Personnel Expenditure	Personnel Expenditure as % of total expenditure	No of employees	Average personnel cost per employee
Administration	58 101 438	21 151 532	15%	29	729 363
Compliance Inspectorate, Certification and Enforcement	61 691 037	45 065 580	31%	60	751 093
Complaints Management and Ombud	15 791 777	14 914 437	10%	18	828 580
Health Standards Design, Analysis and support	9 864 897	8 306 854	6%	10	830 685
TOTAL	**145 449 149**	**89 438 403**	**61%**	**117**	**764 431**

Table 24: Personnel costs by salary band

Level	Personnel Expenditure	Personnel Expenditure as % of total expenditure	No of employees	Average personnel cost per employee
Executive management	8 731 535	10%	5	1 746 307
Senior management	13 494 675	15%	12	1 124 556
Professionally qualified and experienced specialists and mid-management	24 673 896	28%	25	986 956
Skilled technical & academically qualified workers, junior management & supervisors	33 865 241	38%	52	651 255
Semi-skilled & descretionary decision-making	8 673 055	10%	23	377 089
TOTAL	**89 438 403**	**100%**	**117**	**764 431**

Table 25: Performance rewards for the 2018/19 financial year

Level	Perfomance awards	Personnel Expenditure	% of perfomance rewards to the total personnel cost
Executive management	148 265	8 731 535	0.17%
Senior management	128 020	13 494 675	0.14%
Professionally qualified and experienced specialists and mid-management	463 789	24 673 896	0.52%
Skilled technical & academically qualified workers, junior management & supervisors	341 881	33 865 241	0.38%
Semi-skilled & descretionary decision-making	105 467	8 673 055	0.12%
TOTAL	**1 187 423**	**89 438 403**	**1.33%**

Table 26: Training costs for the 2018/19 financial year

Programme	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of personnel cost	No of employees trained	Average training cost per employee
Training Expenditure	89 438 403	437 462	0.49%	55	7 954

Table 27: Employment and vacancies by division

Programme	No of Employees 2017/18	No of Employees 2018/19	Approved posts 2017/18	Employee Vacancies 2017/18	% of Vacancies
Office of the CEO	7	8	7	-1	-14%
Corporate Services	18	21	22	1	5%
Compliance Inspectorate, Certification and Enforcement	60	60	63	3	5%
Complaints Management and Ombud	19	18	17	-1	-6%
Health Standards Design, Analysis and support	9	10	12	2	17%
TOTAL	**113**	**117**	**121**	**4**	**3%**

Table 28: Employment and vacancies by level

Programme	No of Employees 2017/18	No of Employees 2018/19	Approved posts 2017/18	Employee Vacancies 2017/18	% of Vacancies
Executive management	5	5	5	-	0%
Senior management	13	12	13	1	8%
Professionally qualified and experienced specialists and mid-management	25	25	25	-	0%
Skilled technical & academically qualified workers, junior management & supervisors	50	52	53	1	2%
Semi-skilled & descretionary decision-making	20	23	25	2	8%
Unskilled and defined decision making			-	-	
TOTAL	**113**	**117**	**121**	**4**	**3%**

Table 29: Number employees who attended training

	Gender								Total
Occupational Category	**Male**				**Female**				
	A	**C**	**I**	**W**	**A**	**C**	**I**	**W**	
Executive management	1				1				2
Senior management	3				3			2	8
Professionally qualified and experienced specialists and mid-management	4				3			1	8
Skilled technical & academically qualified workers, junior management & supervisors	4			1	25				30
Semi-skilled & descretionary decision-making					6				6
Unskilled and defined decision making	0				1				1
TOTAL	**12**	**0**	**0**	**1**	**39**	**0**	**0**	**3**	**55**

Table 30: Employment changes and staff turnover during the 2018/19 financial year

Salary band	Salary at beginning of period 1 April 2018	Appointments	Terminations	Employment at the end of period 31 March 2019
Executive management	5	-	-	5
Senior management	13	-	1	12
Professionally qualified and experienced specialists and mid-management	25	-	-	25
Skilled technical & academically qualified workers, junior management & supervisors	50	4	2	52
Semi-skilled & descretionary decision-making	20	3	-	23
Unskilled and defined decision making	-	-	-	-
TOTAL	**113**	**7**	**3**	**117**

Table 31: Termination of employment

Reason	Number	% of total no. of staff leaving
Death	-	0%
Resignation	3	100%
Dismissal	-	0%
Retirement	-	0%
Poor health	-	0%
Expiry of contract	-	0%
Transfers	-	0%
TOTAL	**3**	**100%**

Labour relations: misconduct and disciplinary action during the review period

During the year under review, one employee was issued with written warning due to misconduct.

Table 32: Equity target and employment equity status: Males, Females and Disabled

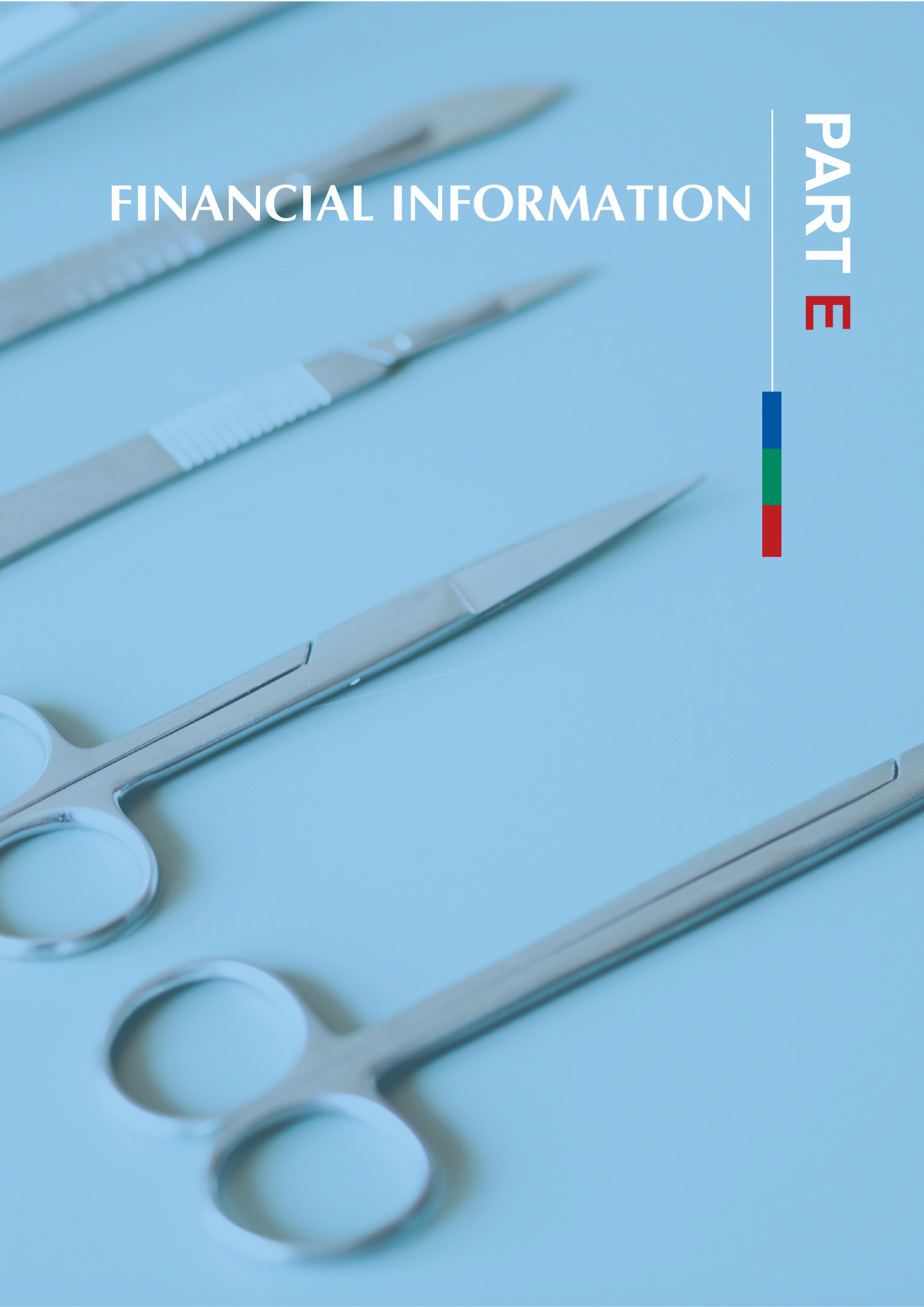
	Male							
Levels	**African**		**Coloured**		**Indian**		**White**	
	Current	Target	Current	Target	Current	Target	Current	Target
Executive management	3	3	-	-	-	-	-	-
Senior management	7	7	-	1	1	1	-	-
Professionally qualified and experienced specialists and mid-management	7	7	1	1	-	-		1
Skilled technical & academically qualified workers, junior management & supervisors	11	11		1	-		1	
Semi-skilled & descretionary decision-making	7	7	-	-	-	-	-	-
Unskilled and defined decision making	-	-	-	-	-	-	-	-
TOTAL	**35**	**35**	**1**	**3**	**1**	**1**	**1**	**1**

	Female							
Levels	**African**		**Coloured**		**Indian**		**White**	
	Current	Target	Current	Target	Current	Target	Current	Target
Executive management	2	2	-	-	-		-	-
Senior management	3	3	-	1	-	-	1	1
Professionally qualified and experienced specialists and mid-management	18	18	-		-		1	1
Skilled technical & academically qualified workers, junior management & supervisors	40	40	-	1			-	-
Semi-skilled & descretionary decision-making	13	13	-	-	-	1	1	1
Unskilled and defined decision making	-	-	-	-	-	-	-	-
TOTAL	**76**	**76**	**-**	**2**		**1**	**3**	**3**

	Disabled Staff			
Levels	**Male**		**Female**	
	Current	Target	Current	Target
Executive management	-	-	-	-
Senior management	-	-	-	-
Professionally qualified and experienced specialists and mid-management	-	-	-	-
Skilled technical & academically qualified workers, junior management & supervisors	-	-	-	-
Semi-skilled & descretionary decision-making	-	-	1	2
Unskilled and defined decision making	-	-	-	-
TOTAL	**-**	**-**	**1**	**2**

PART E

FINANCIAL INFORMATION



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 101 to 133, which comprise the statement of financial position as at 31 March 2019, the 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 the 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 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 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 auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

4. I am independent of the entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants and parts 1 and 3 of the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA codes) as well as the 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 codes.

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 the SA Standards of 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 Office of Health Standards Compliance'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 entity or to cease operations, or has no realistic alternative but to do so.

Auditor-General's responsibilities 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.

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 2 – Compliance Inspectorate, Certification and Enforcement	**42-49**
Programme 3 – Complaints Management and Office of the Ombud	**50-61**
Programme 4 – Health Standards Design, Analysis and Support	**62-68**

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not raise any material findings on the usefulness and reliability of the reported performance information for these programmes.

Other matters

15. I draw attention to the matters below.

Achievement of planned targets

16. Refer to the annual performance report on pages 42 to 68 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a number of targets.

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 3: Complaints Management and Office of the Ombud. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

18. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

19. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

20. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

21. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

22. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

23. I have not yet received the annual report. When I do receive this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and to re-issue an amended report.

Internal control deficiencies

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

Auditor - General

Pretoria

31 July 2019

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-General's responsibility for the audit

1. 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 programmes and on the entity's compliance with respect to the selected subject matters.

Financial statements

2. 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 entity's internal control

    - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority

    - conclude on the appropriateness of the accounting authority's 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 related to events or conditions that may cast significant doubt on the Office of Health Standards Compliance's ability 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 the 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 an entity to cease continuing as a going concern

    - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. 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.

4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

TWO

ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2019

INDEX

Accounting Authority's Responsibilities and Approval

The Accounting Authority is 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.

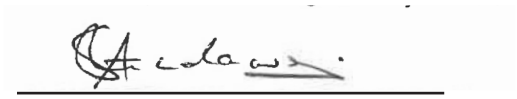
The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Authority acknowledges 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, 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 is 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.

The Accounting Authority has reviewed the entity's cash flow forecast for the year to 31 March 2019 and, in the light of this review and the current financial position, they are satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 103 to 133, which have been prepared on the going concern basis, were approved by the Accounting Authority on 29 July 2019 and were signed on its behalf by:



Dr S. MNDAWENI
CHIEF EXECUTIVE OFFICER

Ms O.A MONTSHIWA
ACTING CHAIRPERSON OF BOARD

Accounting Authority's Report

The members submit their report for the year ended 31 March 2019.

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

The OHSC's mandate is 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 of Health in relation to the national health system; and

- Ensuring consideration, investigation and disposal of complaints relating to non-compliance with the prescribed norms and standards in a procedurally fair, economical and expeditious manner.

The OHSC recorded a deficit of R5 925 339 and surplus of R24 474 205 in the prior year.

3. Going concern

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.

We draw attention to the fact that as at 31 March 2019, the entity had accumulated surplus of R 61 230 701 and that the entity's total assets exceed its liabilities by R 61 230 701. The surplus arose largely due to the vacant positions at the end of the financial year, as well as the lease of office space which was not yet concluded towards the end of financial year.

4. Subsequent events

The members are not aware of any matter or circumstance arising since the end of the financial year that needs to be disclosed in the annual financial statements.

5. Accounting policies

The annual financial statements have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations of such statements issued by the Accounting Standard Board, as the prescribed framework by National Treasury.

Statement of Financial Position as at 31 March 2019

Figures in Rand	Note (s)	2019	2018
Assets			
Current Assets			
Receivables from exchange transactions	6	1,029,875	1,395,816
Receivables from non-exchange transactions	7	550,004	276,789
Cash and cash equivalents	8	51,952,692	61,877,713
		53,532,571	**63,550,318**
Non-Current Assets			
Property, plant and equipment	3	10,794,977	6,461,021
Intangible assets	4	7,146,462	8,192,228
		17,941,439	**14,653,249**
Total Assets		**71,474,010**	**78,203,567**
Liabilities			
Current Liabilities			
Operating lease liability	5	1,114,909	303,100
Payables from exchange transactions	10	3,062,936	6,007,985
Provisions	9	6,065,464	4,736,443
		10,243,309	**11,047,528**
Total Liabilities		**10,243,309**	**11,047,528**
Net Assets		**61,230,701**	**67,156,039**
Accumulated surplus		61,230,701	67,156,039

Statement of Financial Performance

Figures in Rand	Note (s)	2019	2018
Revenue			
Revenue from exchange transactions			
Interest received - investment	12	1,583,629	1,542,086
Other income		67,664	-
		1,651,293	**1,542,086**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	13	129,678,000	125,711,000
In-kind donation		-	8,841,616
Total revenue from non-exchange transactions		**129,678,000**	**134,552,616**
Total Assets	**11**	**131,329,293**	**136,094,702**
Expenditure			
Compensation of employees	14	(89,438,403)	(74,151,936)
Board fees and related costs	28	(2,519,610)	(1,712,665)
Depreciation and amortisation	3&4	(4,886,925)	(2,826,344)
Operating expenses	15	(40,409,693)	(32,929,552)
Total expenditure		**(137,254,631)**	**(111,620,497)**
(Deficit)/Surplus for the year		**(5,925,338)**	**24,474,205**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2017	**42,681,834**	**42,681,834**
Changes in net assets		
Surplus for the year	24,474,205	24,474,205
Total changes	**24,474,205**	**24,474,205**
Balance at 01 April 2018	**67,156,039**	**67,156,039**
Changes in net assets		
Deficit for the year	(5,925,338)	(5,925,338)
Total changes	**(5,925,338)**	**(5,925,338)**
Balance at 31 March 2019	**61,230,701**	**61,230,701**

Cash Flow Statement

Figures in Rand	Note (s)	2019	2018
Cash flows from operating activities			
Receipts			
Grants		129,678,000	125,711,000
Interest income		1,583,629	1,542,086
Other income		67,664	-
		131,329,293	127,253,086
Payments			
Compensation of employees		(88,109,382)	(71,513,955)
Suppliers		(42,502,750)	(32,146,577)
Board payments		(2,447,665)	(1,712,665)
		(133,059,797)	(105,373,197)
Net cash flows from operating activities	**18**	**(1,730,504)**	**21,879,889**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(6,053,074)	(2,397,766)
Purchase of intangible assets	4	2,141,443)	(1,139,269)
Net cash flows from investing activities		**(8,194,517)**	**(3,537,035)**
Net increase/(decrease) in cash and cash equivalents		**(9,925,021)**	**18,342,854**
Cash and cash equivalents at the beginning of the year		61,877,713	43,534,859
Cash and cash equivalents at the end of the year	**8**	**51,952,692**	**61,877,713**

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**
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	-	67,664	67,664	
Interest received - investment	-	-	-	1,583,629	1,583,629	
Total revenue from exchange transactions	-	-	-	**1,651,293**	**1,651,293**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	129,678,000	-	**129,678,000**	129,678,000	-	
Total revenue	**129,678,000**	-	**129,678,000**	**131,329,293**	**1,651,293**	
Expenditure						
Compensation of employees	(85,822,022)	-	**(85,822,022)**	(89,438,403)	**(3,616,381)**	
Board fees and related costs	(1,982,384)	-	**(1,982,384)**	(2,519,610)	**(537,226)**	
Depreciation and amortisation	-	-	**-**	(4,886,925)	**(4,886,925)**	
Operating expenses	(39,029,307)	-	**(39,029,307)**	(40,409,693)	**(1,380,386)**	
Total expenditure	**(126,833,713)**	-	**(126,833,713)**	**(137,254,631)**	**(10,420,918)**	
Operating (deficit)/surplus	**2,844,287**	-	**2,844,287**	**(5,925,338)**	**(8,769,625)**	

Continued

Budget on Cash Basis						
Figures in Rand	**Approved budget**	**Adjustments**	**Final Budget**	**Actual amounts on comparable basis**	**Difference between final budget and actual**	**Reference**
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	-	-	-	1,029,875	**1,029,875**	
Receivables from non-exchange transactions	-	-	-	550,004	**550,004**	
Cash and cash equivalents	-	-	-	51,952,692	**51,952,692**	
	-	-	-	**53 532 571**	**53 532 571**	
Non-Current Assets						
Property, plant and equipment	1,771,002	-	**1,771,002**	10,794,977	**9,023,975**	
Intangible assets	1,073,285	-	**1,073,285**	7,146,462	**6,073,177**	
	2,844,287	-	**2,844,287**	**17,941,439**	**15,097,152**	
Total Assets	**2,844,287**	-	**2,844,287**	**71,474,010**	**68,629,723**	
Liabilities						
Current Liabilities						
Operating lease liability	-	-	-	1,114,909	**1,114,909**	
Payables from exchange transactions	-	-	-	3,062,936	**3,062,936**	
Provisions	-	-	-	6,065,464	**6,065,464**	
	-	-	-	**10,243,309**	**10,243,309**	
Total Liabilities	-	-	-	**10,243,309**	**10,243,309**	
Net Assets	**2,844,287**	-	**2,844,287**	**61,230,701**	**58,386,414**	

Accounting Policies

1. Presentation of Annual Financial Statements

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, unless specified otherwise.

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.

The principal accounting policies, which have been applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous years.

1.1 Presentation currency

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

1.2 Going concern assumption

The annual financial statements have been prepared based 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 settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

1.3 Transfer of functions between entities under common control

Accounting by the entity as acquirer

Initial recognition and measurement

As of the transfer date, the entity recognises the assets transferred and liabilities assumed in a transfer of functions. 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.

1.4 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. 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 cash-generating 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 assumptions 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 intangible assets.

Effective interest rate

The entity uses an appropriate interest rate taking into account guidance provided in the standard, 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.

Areas where estimates were made are:

Provisions

Provisions were measured based on the probable estimated future cash outflows that may be needed to settle the obligation that may arise. Additional disclosures of these provisions are made in Note 9.

Depreciation and amortization

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

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current 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 non-exchange 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 non-monetary asset or monetary assets, or a combination of monetary and non-monetary 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 are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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 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 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	Straight line	10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	5 years
Leasehold improvements	Straight line	Lease period

1.6 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 non-exchange 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 assets is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

Item of intangible assets are derecognised when the asset is disposed of or when there are no further economic benefit 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 is recognised in the statement of financial performance.

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

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

Intangible assets are derecognised:

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

1.7 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 non-performance by the counter-parties 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 counter-party 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 short-term 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 short-term maturity of these assets.

- **Trade and other receivables**

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.

- **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 non-cash 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 non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.8 Tax

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

1.9 Leases

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 - lessor

Operating lease revenue is recognised as revenue on a straight-line 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 straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line 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 straight-line 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.

1.10 Employee benefits

Short-term 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 non-monetary 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 become 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.

1.11 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.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

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 21.

1.12 Commitments

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

1.13 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable. Revenue is recognised to the extent that is probable that the economic benefits 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 includes investments and non-operating income exclusive of value added taxation, rebates and discounts.

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.

1.14 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 grant 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.

1.15 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.

1.16 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a program or a main division within a program; and
- expenditure not in accordance with the purpose of a program or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

Entity 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 a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2018 to 31/03/2019.

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 not 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 29 and 31.

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.

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

- Controlling party - refers to the NDoH which the OHSC reports, 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 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 parent - in - law, brother - in - law sister - in - law.

- 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 (non-adjusting 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:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- 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 restropectively 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.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 20: Related Party Disclosures	Early adoption	The OHSC has disclosed the related party transactions
GRAP 108: Statutory Receivables	Not yet effective	No statutory receivables were received

Figures in Rand

3. Property, plant and equipment

	2019			2018		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying Value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying Value
Office equipment	2,237,807	(1,127,420)	1,110,387	2,198,433	(743,593)	1,454,840
Furniture and fixtures	1,994,956	(620,194)	1,374,762	1,986,466	(425,846)	1,560,620
Motor vehicles	1,537,148	(446,862)	1,090,286	1,537,148	(139,432)	1,397,716
Computer equipment	9,127,723	(1,908,181)	7,219,542	3,154,960	(1,107,115)	2,047,845
Leasehold improvements	843,777	(843,777)	-	843,777	(843,777)	-
Total	**15,741,411**	**(4,946,434)**	**10,794,977**	**9,720,784**	**(3,259,763)**	**6,461,021**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Office equipment	1,454,841	39,374	-	(383,828)	1,110,387
Furniture and fixtures	1,560,620	8,490	-	(194,348)	1,374,762
Motor vehicles	1,397,715	-	-	(307,429)	1,090,286
Computer equipment	2,047,845	6,005,210	(19,403)	(814,110)	7,219,542
	6,461,021	**6,053,074**	**(19,403)**	**(1,699,715)**	**10,794,977**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Office equipment	1,371,224	454,264	-	(370,647)	1,454,841
Furniture and fixtures	1,654,855	85,348	-	(179,583)	1,560,620
Motor vehicles	473,041	1,056,089	-	(131,415)	1,397,715
Computer equipment	1,780,200	802,065	(14,919)	(519,501)	2,047,845
	5,279,320	**2,397,766**	**(14,919)**	**(1,201,146)**	**6,461,021**

4. Intangible assets

	2019					
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying Value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying Value
Computer software	11,406,391	(4,259,929)	7,146,462	10,145,782	(1,953,554)	8,192,228

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	8,192,228	2,141,443	(3,187,209)	7,146,462

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	2,519,925	7,297,500	(1,625,197)	8,192,228

Figures in Rand	2019	2018

5. Operating lease liability

Current liabilities	(1,114,909)	(303,100)

This represents a difference between the actual lease payments and the straight - lined amount arising from the lease agreements.

6. Receivables from exchange transactions

Deposits Current	62,050	62,050
Prepaid expenses	967,825	1,333,766
	1,029,875	**1,395,816**

7. Receivables from non-exchange transactions

Sundry debtors	550,004	276,789

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	139	4,979
Bank balances	25,292,032	36,649,757
Short-term deposits	26,660,521	25,222,977
	51,952,692	**61,877,713**

9. Provisions

Reconciliation of provisions - 2019

	Opening balance	Additions	Utilised during the year	Total
Provision for performance bonuses	1,187,422	1,287,330	(1,187,422)	1,287,330
Provision for leave	3,549,021	1,229,113	-	4,778,134
	4,736,443	**2,516,443**	**(1,187,422)**	**6,065,464**

Reconciliation of provisions - 2018

	Opening balance	Additions	Total
Provision for performance bonuses	969,677	217,745	1,187,422
Provision for leave	1,540,690	2,008,331	3,549,021
	2,510,367	**2,226,076**	**4,736,443**

10. Payables from exchange transactions

Trade payables	308,040	4,443,290
Accrued expenses	2,754,896	1,564,695
	3,062,936	**6,007,985**

11. Revenue

Other revenue	67,664	-
Interest recieved - investment	1,583,629	1,542,086
Government grants & subsidies	129,678,000	125,711,000
In-kind donation	-	8,841,616
	131,329,293	**136,094,702**

Other revenue consists of:

Proceeds from insurance claim	27,664	-
Award from Board of Healthcare Funders	40,000	-
	67,664	-

Figures in Rand	2019	2018

The amount included in revenue arising from non-exchange transactions is as follows:
Taxation revenue
Transfer revenue

Government grants & subsidies	129,678,000	125,711,000
In-kind donation	-	8,841,616
	129,678,000	**134,552,616**

12. Investment revenue

Interest revenue

Bank	1,583,629	1,542,086

Interest from call investment account.

13. Government grants and subsidies

Operating grants

Government grant	129,678,000	125,711,000

14. Compensation of employees

Basic salary	63,435,392	51,892,176
Service and performance bonuses paid	3,809,842	3,625,720
Medical aid - employer contributions	2,065,236	2,018,542
UIF- employer contribution	141,528	119,726
Workmen compensation fund	112,920	64,658
Leave paid and provided for	1,606,466	2,122,159
Pension-employer contribution	7,333,853	5,775,185
Other non-pensionable allowances	8,291,630	7,243,836
Bargaining council	3,222	3,087
Severance payments	650,246	-
Inconvenience allowance	700,740	-
Provision for performance bonuses	1,287,330	1,286,848
	89,438,403	**74,151,936**

Figures in Rand	2019	2018

15. Operating expenses

Advertising	620,482	2,943,463
Audit costs (refer to note 16)	1,058,841	1,504,180
Bank charges	69,174	61,215
Cleaning services	190,521	131,644
Consulting and professional fees	2,351,261	(213,823)
Inventory and other consumables	448,478	884,760
Legal fees	381,458	3,459,804
Insurance	398,374	274,806
IT maintenance and support	947,311	3,109,138
Marketing and publication costs	1,517,358	1,186,310
Motor vehicle expenses	93,836	99,908
Staff relocation	23,989	15,383
Postage and courier	15,087	54,065
Printing and stationery	639,014	570,660
Security	249,814	-
Telephone communication costs	1,362,352	1,354,124
Training and skills development	437,462	1,322,469
Travel, subsistence and accommodation (refer to note 30)	18,837,014	12,867,439
Office utensils	18,626	4,035
Water and electricity	1,327,250	387,575
Repairs and maintenance	10,733	-
Catering services	194,304	55,724
Operating lease costs	7,152,604	2,408,923
Loss or theft of assets	19,403	14,919
Venues and facilities	2,044,948	432,831
	40,409,693	**32,929,552**

16. Audit costs

Internal audit	160,999	702,436
External audit	897,842	801,744
	1,058,841	**1,504,180**

17. Operating lease

17.1 Operating lease liability- Office space

Annual escalation rate	8%	

Future minimum lease payments

Up to 1 year	11,360,747	888,996
Within two years to five years	40,709,342	-
	52,070,089	**888,996**

The OHSC had an outstanding commitment in respect of lease of office space with Mergence Africa Property Investment Trust. The lease agreement expires on the 31 October 2023.

Figures in Rand	2019	2018
17.2 Operating lease liability - Photocopying machine		
Annual escalation rate	8%	
Future minimum lease payments		
Up to 1 year	46,430	188,226
Within two years to five years	-	46,430
	46,430	**234,656**

18. Cash (used in) generated from operations

(Deficit) surplus	(5,925,338)	24,474,205
Adjustments for:		
Depreciation and amortisation	4,886,925	2,826,344
Movements in operating lease assets and accruals	811,809	235,659
Movements in provisions	1,329,021	2,226,075
Adjust for depreciation on assets lost	(13,044)	(11,156)
In-kind donation capitalised	-	(6,158,232)
Changes in working capital:		
Receivables from exchange transactions	(23,118)	1,900,316
Other receivables from non-exchange transactions	115,844	(202,337)
Payables from exchange transactions	(2,945,049)	(3,437,060)
Adjustment for cost of lost assets	32,446	26,075
	(1,730,504)	**21,879,889**

19. Financial instruments disclosure

Categories of financial instruments

2019

Financial assets	At amortised cost	Total
Other receivables from non-exchange transactions	550,004	550,004
Cash and cash equivalents	51,952,692	51,952,692
	52,502,696	**52,502,696**

Financial liabilities	At amortised cost	Total
Trade and other payables from exchange transactions	3,062,936	3,062,936

2018

Financial assets	At amortised cost	Total
Other receivables from non-exchange transactions	276,789	276,789
Cash and cash equivalents	61,877,713	61,877,713
	62,154,502	**62,154,502**

Financial liabilities	At amortised cost	Total
Trade and other payables from exchange transactions	6,007,985	6,007,985

20. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
Capital expenditure	1,244,647	7,465,465
Total capital commitments		
Already contracted for but not provided for	1,244,647	7,465,465

The above capital commitments were made by year-end, but the services will only be rendered after the end of the financial year.

21. Contingencies

There were no contingencies as at 31 March 2019.

22. Related parties

The OHSC has a related party relationship with the NDoH as the Executive Authority of the entity. It further has a related party transaction with Medical Research Council of South African through the lease of office space. The OHSC and the Medical Research Council of South Africa report under the same Executive Authority.

Figures in Rand	2019	2018
Related party transactions		
Grant recieved		
National Department of Health	129,678,000	125,711,000
Reimbursement		
National Department of Health	756,358	4,989,266
Outstanding balance owed to		
National Department of Health	-	163,997
Rental of office space		
National Department of Health	3,128,982	2,948,002

Non-executive members - 2019	Board fees	Reimbursements	Total
Prof. S Whittaker	139,159	5,968	145,127
Prof. E Stellenberg	189,661	13,707	203,368
Mr. B Pharasi	184,887	8,613	193,500
Mr. A Hoosain	103,055	6,577	109,632
Dr. B Masuku	81,203	4,393	85,596
Ms. O.A Montshiwa (Acting/Deputy Chairperson of the Board)	204,663	10,499	215,162
Ms. K Mahlangu	149,105	1,192	150,297
Prof. M Chetty	91,178	-	91,178
Ms S Barsel	166,003	8,440	174,443
	1,308,914	**59,389**	**1,368,303**

Non-executive members - 2018	Board fees	Reimbursements	Total
Prof. L Mazwai (Chairperson of the board)#	67,107	25,967	93,074
Prof. S Whittaker	81,812	1,912	83,724
Prof. E Stellenberg	157,496	12,352	169,848
Mr. A Hoosain *	77,438	3,347	80,785
Dr. B Masuku	73,450	7,676	81,126
Ms. O.A Montshiwa (Acting/Deputy Chairperson of the Board) *	165,105	9,091	174,196
Mr. B Pharasi *	99,947	6,066	106,013
Ms. K Mahlangu ***	89,908	2,160	92,068
Prof. M Chetty ****	5,218	-	5,218
Ms. S Barsel ***	64,548	2,090	66,638
	882,029	**70,661**	**952,690**

*Appointed from 01 January 2017
*** Appointed 29 May 2017
****Appointed 27 February 2018
Resigned October 2017

Executive managers - 2019	Board fees	Pension fund	Non-pensionable allowances and other payments	Service bonus and performance bonuses	Reimburse-ments	Total
Dr. S Mndaweni (Chief Executive Officer) *	1,103,790	901,358	502,772	33,558	30,788	1,800,694
Prof. Makgoba (Ombud)	1,494,101	-	624,550	-	7,671	2,126,322
Mr. J Mapatha (Chief Financial Officer)	881,457	114,589	189,723	117,547	9,121	1,312,437
Ms. W Moleko (Executive Manager: HSDAS)	842,947	109,583	181,434	78,818	29,925	1,242,707
Mr.B Msibi (Executve Manager: Compliance Inspectorate)*	901,358	115,945	1,007,404	205,574	19,094	2,249,375
	5,223,653	**469,903**	**8,731,535**	**435,497**	**96,599**	**8,731,535**

* Resigned with effect from 31 March 2019. Included in the non pensionable allowances and other payments is an amount of R177 539.72 for leave payout and R650 245.50 for severance payment.

Executive managers - 2018	Board fees	Pension fund	Non-pensionable allowances and other payments	Service bonus and performance bonuses	Reimburse-ments	Total
Dr. S Mndaweni (Chief Executive Officer) *	514,436	67,681	142,231	33,558	10,601	734,949
Prof. Makgoba (Ombud)	1,412,720	-	593,569	-	17,911	2,024,200
Mr. J Mapatha (Chief Financial Officer)	823,111	107,004	243,783	144,687	11,656	1,330,241
Ms. W Moleko (Executive Manager: HSDAS)	793,052	103,097	210,179	-	8,136	1,114,464
Mr. B Msibi (Executive Manager: Compliance Inspectorate)**	808,048	104,265	598,792	141,278	59,585	1,711,968
	4,351,367	**382,047**	**1,788,554**	**285,965**	**107,889**	**6,915,822**

*Appointed from 09 October 2017
** Acting Chief Executive Officer until 08 October 2017

23. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (interest rate risk, cash flow interest rate, 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 the Medium Term Expenditure Framework.

At 31 March 2019	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 years
Current liabilities	10,243,309	-	-	-

Credit risk

Credit risk consists mainly of cash deposits and cash equivalents. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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 adopts an approach ensuring that its exposure to changes in interest rate is on a floating rate basis. The OHSC does not have any interest-bearing borrowings and as a result there is no adverse exposure relating to interest rate movements in borrowings.

24. 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.

Figures in Rand	2019	2018

25. Fruitless and wasteful expenditure

Opening balance	120,975	53,110
For the year	-	104,500
Recovered amount	(3,000)	(8,090)
Condoned by the Board during the year	(104,500)	(28,545)
	13,475	**120,975**

26. Irregular expenditure

Opening balance	2,948,002	4,834,382
Add: Irregular Expenditure - current year	-	2,948,002
Less: Amounts condoned	(2,948,002)	(4,834,382)
	-	**2,948,002**

27. 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) surplus per the statement of financial performance	(5,925,338)	24,931,301
Adjusted for:		
(Over)/under collection	(1,651,293)	(1,542,086)
Over/(under) budget expenditure	10,420,918	(9,985,443)
(Over)/under collection of in-kind donation	-	(8,841,616)
Net surplus per approved budget	**2,844,287**	**4,562,156**

28. Board fees and related expenses

Board fees and reimbursements	1,368,303	952,690
Other expenses	1,151,307	759,975
	2,519,610	**1,712,665**

29. Budget differences

Material differences between budget and actual amounts

Compensation of employees

- The cost for compensation of employees includes the ten (10) environmental health practitioners who were funded from the approved surplus retained from the 2017/18 financial year.

Goods and services

- The major contributor to the over expenditure was the cost related to travelling and accommodation costs incurred during inspections of health establishments. In addition, the OHSC conducted country-wide consultative sessions in all the provinces in respect of the mandate of the OHSC.

Capital expenditure

- During the year under review, the OHSC procured new office space. This necessitated the procurement of the requisite information technology infrastructure to enable the functioning of the Office. The costs thereof were defrayed from the approved surplus retained from the 2017/18 financial year.

Figures in Rand	2019	2018

30. Travel, Subsistence and accommodation

Travel	5,165,019	5,771,067
Accommodation	11,329,979	5,209,510
Subsistence	2,342,017	1,886,862
	18,837,015	**12,867,439**

31. Segment information

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 objects 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 non-compliance with norms and standards. As a result, 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.

OHSC

Office of Health Standards Compliance

Ensuring quality and safety in health care

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