



ANNUAL REPORT

For The Financial Year

2022/23



OHSC

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



OHSC

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

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PART A

GENERAL INFORMATION





1. PUBLIC ENTITY'S 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:	012 942 7700
E-MAIL ADDRESS:	communications@ohsc.org.za
WEBSITE ADDRESS:	www.ohsc.org.za
EXTERNAL AUDITORS	Auditor-General of South Africa PO Box 446 Pretoria 0001
BANKERS:	Standard Bank
CHAIRPERSON OF BOARD:	Dr E Kenoshi
CHIEF EXECUTIVE OFFICER	Dr S Mndaweni
COMPANY/ BOARD SECRETARY:	Ms PK Padayachee

2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ARF Committee	Audit, Risk and Finance Committee
AU	African Union
B-BBEE	Broad-Based Black Economic Empowerment
CAU	Complaints Assessment Unit
CCC	Complaints Call Centre
CCMA	The Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHCs	Community Health Centers
CIU	Complaints Investigation Unit
CMS	Council for Medical Schemes
CSF	Compliance Status Framework
DMA	Disaster Management Act
DPSA	Department of Public Service and Administration
EEA	Employment Equity Act
EPM	External Panel Member
EWS	Early warning system
GCIS	Government Communication and Information System
GPs	General Practices
HEs	Health Establishments
HIV	Human Immunodeficiency Virus
HR	Human Resources
HSDAS	Health Standards Design, Analysis and Support
ICT	Information And Communication Technology
IRFA	Intergovernmental Relations Framework Act
m (preceded by number)	Million
MEC	Member of the Executive Council
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NCS	National Core Standards
NDoH	National Department of Health
NDP	National Development Plan
NHA	National Health Act
NHAA	National Health Amendment Act
NHI	National Health Insurance
NPQ	National Policy on Quality in Healthcare
OHO	Office of the Health Ombud

OHSC	Office of Health Standards Compliance
PAIA	Promotion of Access to Information Act
PAJA	Promotion of Administrative Justice Act
PFMA	Public Finance Management Act
PHC	Primary Health Care
POPIA	Protection of Personal Information Act
PPFPA	Preferential Procurement Policy Framework Act
RBIs	Risk-Based Inspections
SADTC	South African Dental Technicians Council
SAHPRA	South African Health Products Regulatory Authority
SCM	Supply Chain Management
SDA	Skills Development Act
SDGs	Sustainable Development Goals
SMMEs	Small, Medium and Micro Enterprises
TR	Treasury Regulations
UHC	Universal Health Coverage

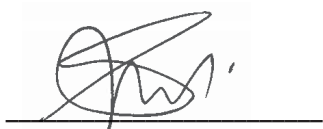
3. FOREWORD BY THE CHAIRPERSON

The term of office for the previous Board of Office of Health Standards Compliance (OHSC) ended on 6 February 2023. I would like to thank the former Board for their contribution towards the realisation of the entity's mandate and for guiding the management in fulfilling their role despite the challenges faced by the office. The current OHSC Board assumed its responsibilities following their appointment by the Minister of Health on 12 February 2023 and members took their duties up with vigour and a sense of eagerness to fulfil the oversight role of the OHSC.

The Board is cognisant of the critical role that the OHSC has in the implementation of universal healthcare coverage through the certification of health establishments as outlined in the National Health Insurance (NHI) Policy.

As a regulator of health services, the OHSC, continued with its oversight role during the fiscal period to conduct a significant number of inspections of health establishments. From public hospitals to clinics and private acute hospitals to inspect whether or not they meet the minimum compliance requirements with the prescribed norms and standards regulations.

In executing our strategic oversight role, the Board continued to guide management on the review process of the entity's operational model aimed at ensuring that the OHSC is capacitated to respond to significant conditions and reforms within the national health system. The process to review the OHSC operational model is intended at addressing the formidable strategic challenge facing the OHSC on how to progress in fulfilling its mandate. In particular, the delivering on compliance inspection, guidance and support provided to health establishments, as well as the certification process with very limited resources.



Dr Ernest Kenoshi
Chairperson of the Board
Office of Health Standards Compliance
Date: 31 August 2023



Dr Ernest Kenoshi
CHAIRPERSON OF THE BOARD

The concept of revenue generation is to be finalised by the new Board. The Board continued to provide substantial strategic input and prioritised a wide range of engagements with key stakeholders. This included the national and provincial departments of health as well as the private health groups on its founding legislation that empowers the entity to charge fees for services rendered.

It is important to note that the Auditor-General has during the 2022/23 financial year given the OHSC a clean bill of financial health. The achievement of an unqualified audit report is critical to the OHSC's ability to perform its functions ethically and effectively.

In conclusion, on behalf of the previous and current Board, I would like to thank the Minister of Health, as the OHSC's Executive Authority, for his support to the OHSC. We would also like to thank the National Health Council, the Director-General of Health, and relevant managers in the National Department of Health for facilitating the application of the OHSC's mandate to more categories of health establishments through the development of relevant regulations.

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

It is a great pleasure to the OHSC Board and Staff to present the 2022/23 Annual Report of the Office of Health Standards Compliance (OHSC). The OHSC is an independent health regulator established to ensure health establishments in South Africa – from major hospitals to clinics, the independent practices of doctors, and other health professionals provide adequate healthcare to the citizens of the country.

The fiscal year 2022/23 was significant for the OHSC, the entity continued to strengthen the achievement of its strategic directions as set in the 2020 – 2025 Strategic Plan. The health regulator is pleased to report that its annual performance report shows that of the 23 planned Annual Performance Plan (APP) output indicator targets, 65% (15) have been achieved, 26 % (6) targets have not been achieved and 9 % (2) targets have been partially achieved.

The OHSC is mandated to promote and protect the safety and quality of healthcare workers and users of health services. During the period under review, the OHSC conducted 781 (99.1 %) routine inspections at public health establishments against a target of 788, and 51 (98.1 %) inspections at private sector health establishments. Health establishments that failed to meet minimum compliance requirements to norms and standards regulations were issued with compliance notices outlining areas of breaches to be addressed. A total of 106 public sector health establishments were re-inspected to assess if the areas of non-compliance to minimum requirements to regulations have been remedied.

It is significant to note that routine inspections are planned inspections, conducted as outlined in the Annual Inspection Strategy which is published on the OHSC website annually. Additional inspections comprise risk-based inspections, re-inspections as well as pilot inspections. Risk-based inspections arise from the early warning system (EWS) triggers and are a means to monitor indicators of risks related to serious breaches of regulations as part of the overall mandate of the OHSC to monitor compliance with promulgated norms and standards.



Dr Siphiwe Mndaweni
CHIEF EXECUTIVE OFFICER

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

During the period under review, a total number of 251(32%) public sector health establishments were certified and enforcement actions were taken by issuing written warning letters against 100 public sector health establishments that were found to be consistently non-compliant with the regulated norms and standards. Health establishments are certified when they meet the minimum compliance requirements against the regulated norms and standards and enforcement actions are taken against health establishments that were re-inspected and were found to be consistently non-compliant with the norms and standards. In addition, the bi-annual reports were produced for publication on the OHSC website.

The Complaints Management and Office of the Ombud continued to resolve the number of complaints received and registered despite the constraint faced by the office. During the period under review, a total of 2 476 (93.53%) of low-risk complaints were resolved within 25 working days of lodgment in the call centre. This shows an improvement in the management of complaints in the call centre as compared to the 2021/22 financial year.

General Financial Review

The OHSC receives its funding from the national fiscus. The funding received during 2022/23 was supplemented by the prior years' accumulated surplus as well as interest generated on short-term investments.

Total revenue in 2022/23 increased by 2% compared to that of the prior year. Whereas prior year expenditures were affected by the COVID-19 lockdown restriction which were all lifted during 2022/23. The lifting of the restrictions resulted in the OHSC's operations being restored to normal levels. In this regard, OHSC's expenditure increased from R152,212,570 in 2021/22 to R191,724,050 in 2022/23, which represented an increase of 21%. Due to the nature of its current operations, the Compliance Inspectorate unit's expenditure was the highest at 40%. This was largely a result of increased travel expenditure to meet the increased inspection target, as well as the use of additional staff to conduct inspections.

The OHSC is mandated to inspect all health establishments in the country. In terms of the NHI Bill, all health establishments that require to participate in the NHI must obtain certification from the OHSC after satisfying the OHSC's compliance requirements. Taking this into account, the OHSC's scope of work is enormous and requires sufficient funding to be able to be executed efficiently. Currently, the OHSC faces human resource capacity constraints as a result of the limited funding, and this impacts the OHSC's ability to deliver on its mandate.

Discontinued key activities/activities to be discontinued

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

Requests for rollover of funds

During the year under review, the OHSC requested the National Treasury to retain the surplus in respect of the 2021/22 financial year. The surplus amount of R53.6 million was approved by the National Treasury in September 2022. The surplus was largely used to fund the employment of staff on short-term contracts to supplement the existing capacity, as well as funding other operational expenditures.

Supply Chain Management

The OHSC has supply chain management policies and procedures in place which are used to undertake procurement activities. Furthermore, the OHSC applies the National Treasury prescripts as they are issued from time to time, to ensure compliance with legislative requirements. A Loss Control Committee is in place to assist the OHSC in assessing any losses suffered by the OHSC.

All concluded unsolicited bid proposals for the year under review

No unsolicited bid proposals were concluded for the year under review. Supply Chain Management processes and systems are in place to prevent irregular expenditure. Irregular actions by individuals can however not be controlled.

Measures that were put in place to prevent and/or detect irregular expenditure are as follows:

- Revised and optimised procurement delegations;
- Continuous review of SCM circulars, policies, delegations, and processes to align with new directives issued by the National Treasury;
- Segregation of duties for approvals of various processes, at different thresholds; and
- Continuous engagement with internal audit, internal control, and risk management to identify possible risks.

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

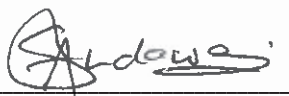
The OHSC has implemented a tracking register of all internal and external audit findings to ensure the implementation of recommendations made by the auditors. Progress on action plans implemented is reported to the Board Audit, Risk, and Finance Committee quarterly.

Challenges experienced and how they will be resolved

Funding for the OHSC is obtained from the national fiscus through the National Department of Health. Given the mandate of the OHSC and the scope of the mandate, the current funding is not sufficient to enable the OHSC to fully achieve its plans.

The OHSC's founding legislation provides for the OHSC to charge for services rendered. In this regard, the OHSC is developing a model through which the entity will charge fees for inspection services, and provision of guidance and support on norms and standards, inspection tools as well as certification services.

The nature of the OHSC's work is such that it relies on its employees to execute the strategic plans of the organisation. In this regard, the compensation of employees is the biggest component of OHSC's budget and expenditure. In respect of the financial year 2023/24, the OHSC did not budget for the cost-of-living adjustments, as per the National Treasury's MTEF guidelines. However, following the Department of Public Service and Administration's announcement of the cost-of-living adjustments for 2023/24, the OHSC reprioritised its planned expenditure to accommodate the cost-of-living adjustments.



Dr Siphile Mndaweni
Chief Executive Officer
Office of Health Standards Compliance
Date: 31 August 2023

I would like to thank the Chairperson and members of the Board for their considerable investment of time and intellectual energy in guiding and overseeing the OHSC. Significant decisions had to be taken during this extraordinary year and it was invaluable to have a Board that maintains a consistent finger on the pulse.

I would also like to express my appreciation to the management team and staff members of the OHSC who displayed resilience and a will to keep working. Your efforts ensured that the OHSC remained on track (travelling a bit slowly) despite the disorganisation of life as we had previously known it.

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

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

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

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

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

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

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2023.

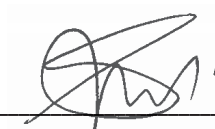
Yours faithfully,



Chief Executive Officer

Dr Siphwe Mndaweni

Date: 31 August 2023



Chairperson of the Board

Dr Ernest Kenoshi

Date: 31 August 2023

6. STRATEGIC OVERVIEW



6.1 VISION

Consistent, safe, and quality healthcare for all.



6.2 MISSION

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



6.3 VALUES

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

Human Dignity

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

Accountability

We take responsibility for our results and outcomes

Transparency

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

Quality Healthcare

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

Safety

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

Integrity

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

7. LEGISLATIVE AND OTHER MANDATES

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

The organisation derives its mandate from the Constitution – particularly sections 9, 12 and 27, the NHAA and various other national laws, regulations, and policies. These are briefly described below.

7.1 LEGISLATIVE MANDATES

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

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

The regulation of the quality of health services requires all health establishments to comply with policy priorities and minimum standards of care. In this manner, the regulation of quality contributes directly to the government's progressive realisation of its constitutional obligations. The OHSC carries out its work having due regard to the fundamental rights as contained in the Constitution and other related legislation.

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

The National Health Act, 2003 (Act No. 61 of 2003) (NHA) reaffirms the constitutional rights of users to access health services and unjust administrative action. As a result, Section 18 allows any user of health services to lay a complaint about the way he or she was treated at a health establishment. The NHA further obliges Members of the Executive Councils (MECs) to establish procedures

for dealing with complaints within their areas of jurisdiction. Complaints provide useful feedback on the areas within health establishments that do not comply with prescribed standards or pose a threat to the health and safety of users and healthcare staff alike.

The NHA provides the overarching legislative framework for a structured and uniform national healthcare system. The Act highlights the rights and responsibilities of healthcare providers and 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) (NHAA). This replaced the previous provisions that had never been brought into effect with a new independent entity, the OHSC.

The objectives of the OHSC in Section 78 of the NHAA 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 concerning the national health system; and
- Ensuring that complaints about non-compliance with prescribed norms and standards are considered, investigated, and disposed of in a procedurally fair, economical, and expeditious manner.

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

- Advise the Minister on matters relating to norms and standards for the national health system and the review of such norms and standards, or any other matter referred to it by the Minister;
- Inspect and certify compliance by health establishments with prescribed norms and standards, or where appropriate and necessary, withdraw such certification;
- Investigate 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 health establishments 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 health establishments and users;
- Liaise with any other regulatory authority, and without limiting the generality of this power, request information from, exchange information with and receive information from any such authority 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.

7.1.3 Norms and standards applicable to different categories of health establishments

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

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

7.1.4 Procedural regulations for the functioning of the OHSC and 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 health establishments 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 a certificate, fines, or referral to prosecuting authority, appeals and reporting;
- Complaints handling, investigation, and resolution procedures, lodging of complaints, screening, investigation and reporting and turnaround times; and
- General provisions about using prescribed forms (listed in Schedule 1).

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

Section 50 of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA) sets out the fiduciary duties of accounting authorities. Section 51 sets out the responsibilities of accounting authorities. The PFMA regulates public sector managers to manage and improve accountability in by eliminating waste and corruption in the use of public funds.

The act enables public sector managers to manage and improve accountability in terms of eliminating waste and corruption in the use of public funds. OHSC is listed as a Schedule 3A public entity.

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

The purpose of the Protection of Personal Information Act, 2013 (Act No. 4 of 2013) (PoPI Act) is to 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).

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

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

The objectives of the PAIA are to:

- Ensure that the state promotes a human rights culture and social justice;
- Encourage openness and establish voluntary and mandatory mechanisms;
- Establish procedures for the right to access information quickly, effortlessly, cost-effectively, and as reasonably as possible;

- Promote transparency, accountability, and effective governance of all public and private bodies by empowering and educating everyone to understand their rights in terms of the PAIA and to public and private bodies;
- Create and understanding of the functions and operation of public bodies; and
- Encourage the scrutiny of and participation in decision-making by public bodies that affect individual/public rights.

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

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

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

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

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

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

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

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

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

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

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

7.1.13 Intergovernmental Relations Framework Act, 2005 (Act No13 of 2005) (IRFA)

Establishes a framework for national, provincial, and local government to promote and facilitate intergovernmental relations and to provide a mechanism and procedure to facilitate the settlement of intergovernmental disputes.

7.2 POLICY MANDATES

Several national health and development policies play a significant role in the way the OHSC interprets and implements its mandate. Such policies are, in some cases, aligned with regional and global health and development imperatives.

7.2.1 National Health Insurance

In pursuit of the goal of universal health coverage, the South African government has embarked on fundamental transformation of the health system. Its chosen approach is the National Health Insurance (NHI), which aims to distribute health resources more equitably and ensure all citizens have access to quality, essential health services regardless of their socio-economic status and ability to pay for healthcare.

The draft NHI Bill provides for mandatory prepayment for healthcare services. It establishes the NHI Fund as a centralised mechanism for distributing healthcare resources and sets out the fund's powers, functions, and governance structures. The NHI Bill recognises the socio-economic injustices of the past, the persistent inequalities that they have caused, and the need to heal historic divisions by building a society based on democratic values, social justice, and fundamental human rights.

7.2.2 National Development Plan

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

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

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

7.2.3 Medium-Term Strategic Framework 2019 – 2024

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

7.2.4 National Policy on Quality in Healthcare

The National Policy on Quality in Healthcare, adopted in 2001, was revised in 2007. It 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 in capacity-building efforts and quality initiatives.

The objectives of the policy are to:

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

7.2.5 Batho Pele and the Patients' Rights Charter

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

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

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

7.2.6 Presidential Health Summit Compact

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

7.2.7 United Nations Sustainable Development Goals

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

7.2.8 African Union Agenda 2063

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

7.2.9 Sendai Framework for Disaster Risk Reduction

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

7.3 OTHER RELATED LEGISLATIONS

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

7.3.1 Medical Schemes Act (Act No 131 of 1998)

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

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

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

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

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

7.3.4 Health Professions Act (Act No 56 of 1974)

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

7.3.5 Pharmacy Act (Act No 53 of 1974)

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

7.3.6 Nursing Act (Act No 33 of 2005)

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

7.3.7 Allied Health Professions Act (No 63 of 1982)

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

7.3.8 Dental Technicians Act (Act No 19 of 1979)

Regulates dental technicians through the establishment of the South African Dental Technicians Council (SADTC).

7.3.9 Hazardous Substances Act (Act No 15 of 1973)

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

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

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

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

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

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

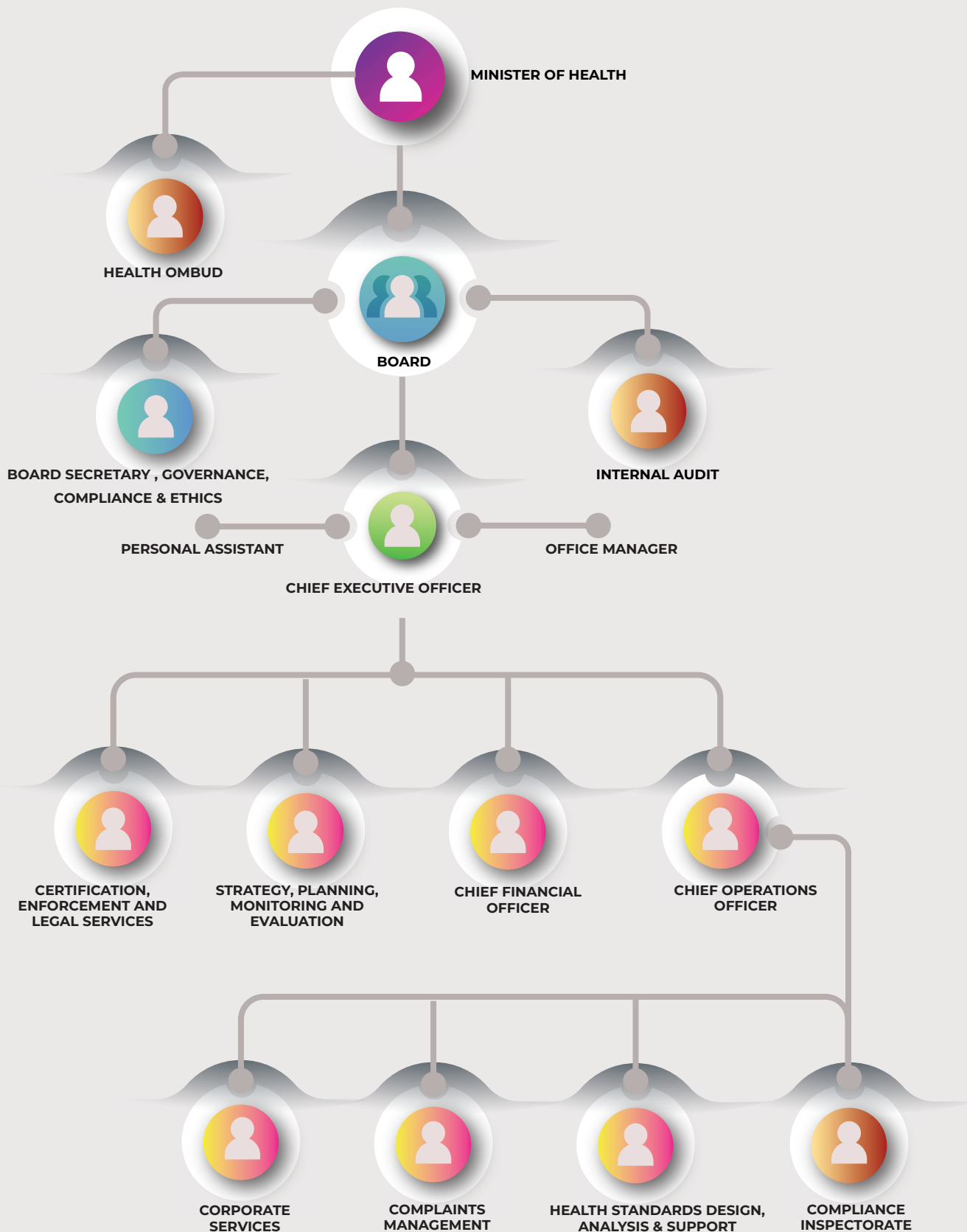
Protects the health and safety of persons at work and other persons exposed to health and safety hazards related to activities of persons at work.

7.3.13 Labour Relations Act (Act No 66 of 1995)

Gives effect to the constitutional right of employees and employers to fair labour practices.

8. ORGANISATIONAL STRUCTURE

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





PART B

Performance Information

9. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 76 of the Auditors Report, published as Part F: Financial Information.

10. OVERVIEW OF PERFORMANCE

10.1. SERVICE DELIVERY ENVIRONMENT

The OHSC presents the overall progress made in implementing its 2022/23 Annual Performance Plan (APP). As a Schedule 3A public entity, the OHSC is mandated to monitor and enforce compliance by health establishments with norms and standards prescribed by the Minister and to ensure consideration, investigation, and disposal of complaints relating to non-compliance with prescribed norms and standards for health establishments in a procedurally fair, economical, and expeditious manner. The OHSC's mandate encompasses all categories of health establishments in South Africa.

During the period under review, a total of 23 output indicators were monitored and reported. The OHSC achieved fifteen of the twenty-three output indicators during the review period. This equates to a service delivery performance of 65% (15/23) for the period under review. Of all the achieved indicators, 40% (6/15) was achieved by support programmes and 60% (9/15) by the core programmes.

The OHSC is responsible for conducting routine compliance inspections and additional inspections in different categories of health establishments both in public and private sector health establishments. A total of 781 health establishments in the public sector including primary health care (PHC), community health centers (CHCs), and district and regional hospitals were inspected.

Routine inspections are planned inspections, conducted as outlined in the Annual Inspection Strategy. Additional inspections comprise risk-based inspections (RBIs), re-inspections as well as pilot inspections. RBIs arise from the early warning system (EWS) triggers and are a means to monitor indicators of risks related to serious breaches of norms and standards regulations as part of the overall mandate of the OHSC to monitor compliance with promulgated norms and standards.

Risk based inspections (RBI) are a risk mitigation strategy where OHSC responds to the risk through a focused inspection. These inspections as contemplated in Procedural Regulation 15, may be prompted by:

- a) The health establishment contravening the Act or any relevant regulations.
- b) Allegations of serious breaches of norms and standards by the health establishment, or
- c) Where the Ombud's findings suggests that the continued exposure to the health services provided by the health establishment may pose a severe risk to users or health care personnel.

A total of 106 re-inspections were conducted in the health establishments that were found to be non-compliant during a routine inspection. Such an inspection is conducted to check whether non-compliance has been remedied. The figure below shows the total number of public health establishments inspected by the OHSC per province.

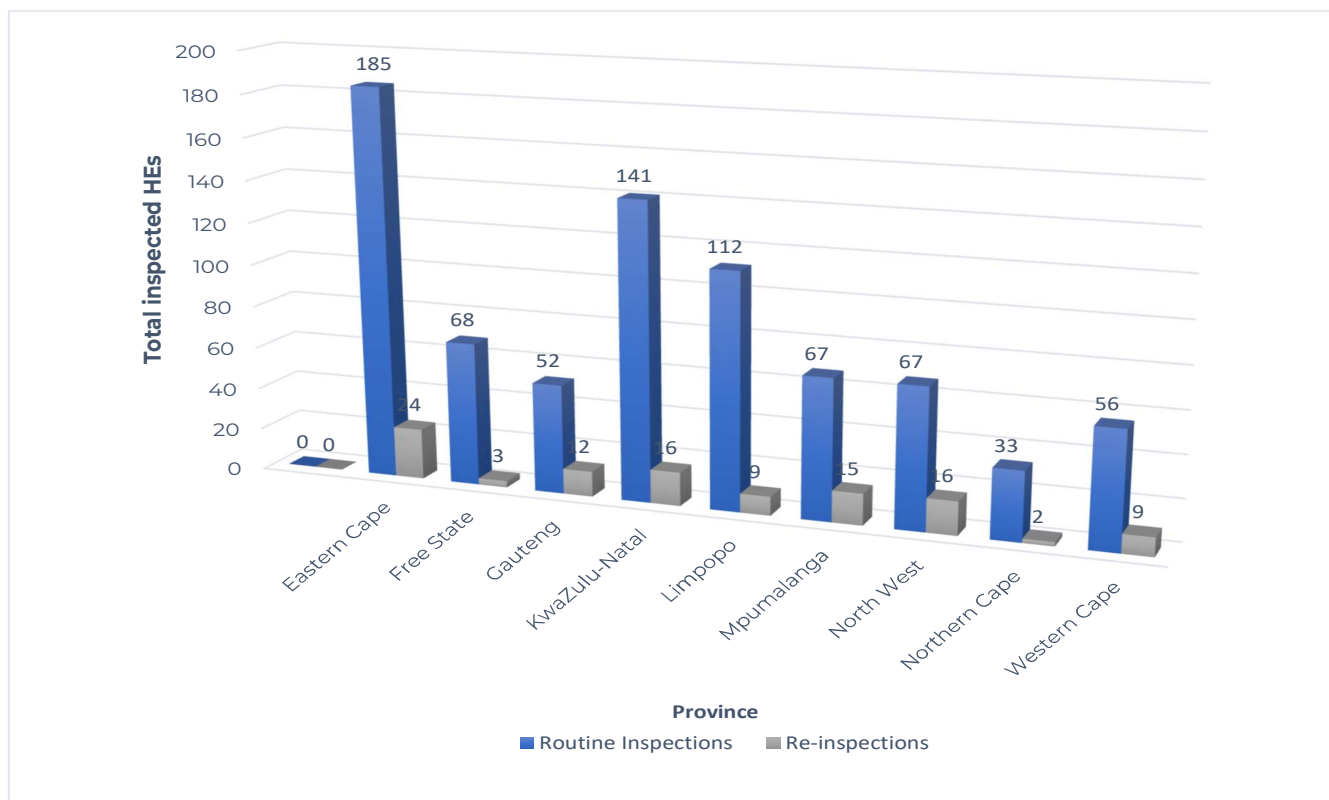


Figure 1: Total routine and re-inspections conducted by the OHSC per province.

The OHSC commenced with the inspections of the private health establishments. A total of 51 health establishments in the private sector were inspected across all the nine provinces in the country. The table below shows the total number of health establishments inspected per hospital group in the provinces.

Table 1: Total private healthcare routine inspections conducted by the OHSC per province, 2022/23 financial year.

Province	Clinix	Life Healthcare	Mediclinic	National Hospital Group	Netcare	Grand Total
EC		3				3
FS				2	1	3
GP	1	3	2	7	6	19
KZN			1	8		9
LP			1		1	2
MP			1	2		3
NW				1		1
NC			1	2		3
WC		2	3	1	2	8
Grand Total	1	8	9	23	10	51

Following the completion of inspections, the findings of each health establishment are subjected to interpretation through a Compliance Status Framework (CSF) to determine the compliance status outcome. The ultimate inspection outcome of any inspected health establishment can either be compliant or non-compliant. Health establishments that attain compliant status with the norms and standards regulations are issued compliance certificates

and those that attain a non-compliant status are issued with a Compliance Notice. Compliance notices were sent to all non-compliant health establishments, indicating what steps should be taken to achieve the required service standards and setting timeframes for such improvements.

During the period under review, a total number of 251 health establishments were certified and enforcement actions were taken by issuing written

warning letters against 100 health establishments that were found to be persistently non-compliant with the regulated norms and standards. Of the 251 certified health establishments, 173 were from routine inspections and 78 were from re-inspections. Health establishments are certified when they meet the minimum compliance requirements against the regulated norms and

standards and enforcement actions are taken against health establishments that were re-inspected and were found to be consistently non-compliant with the norms and standards regulations. In addition, the bi-annual reports were produced for publication on the OHSC website. The graph below indicates the certified health establishments per province.

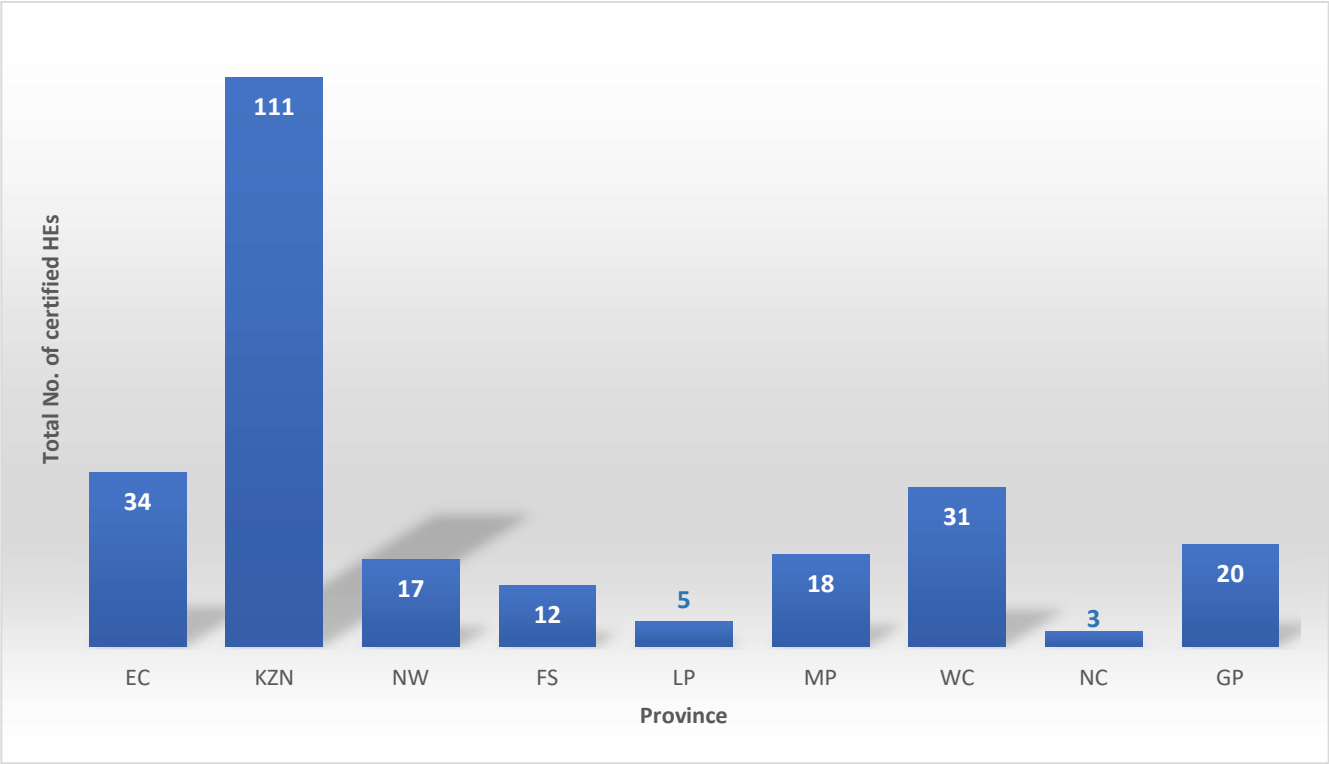


Figure 2: Total number of certifications issued per province, FY 2022/23

The OHSC continued to embark on reviewing the norms and standards regulations which are critical and play a central role in the functioning of the office as a healthcare quality assurance regulator. During the period under review, the office compiled the recommendations reports and submitted to the relevant authorities. These reports included one recommendation report for Limpopo Province, one National Annual Returns recommendation and one National Early Warning System recommendation report.

The OHSC continued to develop different inspection tools for the various categories of health establishment following a consultative process that involves key stakeholders, including the relevant health establishments in that category. The inspection tools are pilot-tested, and the inputs of health establishments are considered prior to their finalisation and approval. By the time the tools are used for inspections, the health establishments have access and have been orientated to the complete inspection tools. The approach adopted by the OHSC in the development of tools is incremental through the different and various levels of care. To this

extent, there are certain categories of health establishments, particularly for specialised health services and sectors for which inspection tools will only be finalised once the standards have been developed.

During the period under review, the office continued to resolve the number of complaints received and registered. Of all complaints received, the Complaints Call Centre facilitated the resolution of 93.53% (2 476/2 647) of low-risk complaints within 25 working days of lodgment in the call centre. The number of complaints received per province are indicated in Figure 3 below.

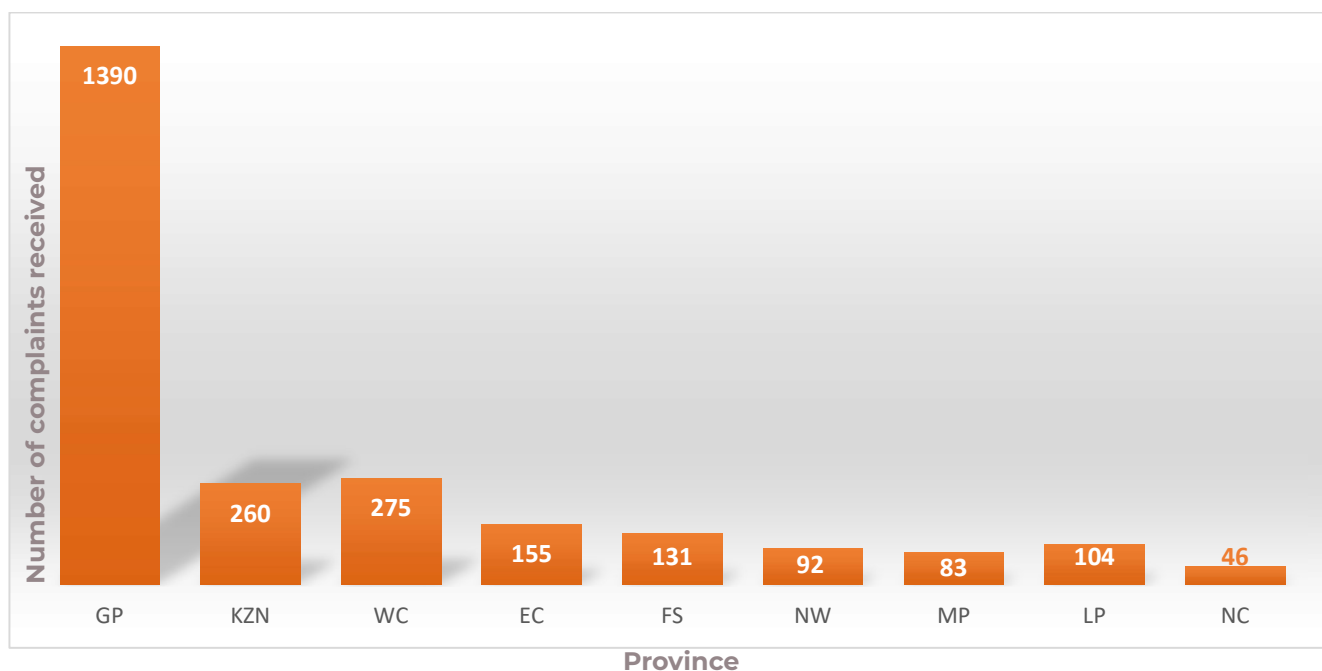


Figure 3: The number of complaints received per province financial year 2022/23.

Challenges encountered by OHSC during the financial year 2022/23

The OHSC with its current capacity and centralised inspection model is unable to inspect the required number of health establishments to meet its mandate. Pressure on the OHSC to increase both the number of health establishments to be inspected and certified has been intensified by the responsibility of the OHSC to certify health establishments prior to being accredited by the NHI fund.

In recognition of the above, the OHSC has developed the 'OHSC Business Case' which details the framework to increase its capacity to carry out inspections. The OHSC Business Case provides an overview of the current scenarios, the organisational design of the OHSC, a decentralisation model of operations, an accompanying Human Resource model as well as a financial model outlining a forecast of costs and expenditure over four years. The OHSC Information Technology infrastructure and analytical business intelligence capability needs to be aligned to the future needs of the organisation. The goal of the OHSC is not only to inspect but to certify compliant health establishments and to achieve an environment of health service delivery that ensure safe and quality health care for all. To achieve this goal, the OHSC requires more resources in the identified areas of operational need.

There is an immediate need for a funding injection to implement a decentralised model of operations and to increase inspectorate teams in order expand

the inspection capability and certification of compliant health establishments. The ability of the OHSC to deliver on this mandate hinges on and can only be made possible with the review of the current funding model (adequacy) to cater for sufficient human capital and the physical expansion of OHSC regulatory functions to all provinces.

The overall compliance rate of health establishments in the country is generally low and very concerning to the OHSC. The other concern for the OHSC is the delay by health establishments to provide evidence of having addressed areas of non-compliance after receiving preliminary reports following a routine inspection.

The challenges of filling posts within four months of the post becoming vacant still persist, which can be attributed to a variety of external factors, including, among others, an inability to find suitable candidates in the first round of recruitment, suitable candidates nominated and then declining the offer at the last moment, resulting in multiple rounds of recruitment.

10.2. ORGANISATIONAL ENVIRONMENT

The OHSC has embarked on a process of reconfiguration of its structure and functions with a view to creating an efficient and streamlined service to meet the requirements of its mandate. The operational processes and approaches are being reviewed for improved effectiveness and efficiency taking into consideration the current health system requirements as well as future requirements. The OHSC has actively pursued the filling of vacant and funded posts for the year under review in order to ensure that units have the necessary staff to carry out the mandate of their respective units.

During the period under review, 129 posts were funded, with a total of 123 posts filled as of 31 March 2023. This equates to 95.34% of funded posts being filled, demonstrating a significant improvement in the vacancy rate. The OHSC surpassed the target of 7% and was able to reduce the vacancy rate to 4.65%. This decrease in vacancy rate had a favourable impact on the overall operations of the organisation as it assisted in ensuring that units were resourced to achieve their respective targets. In a nutshell, the OHSC has been successful in attracting suitably qualified and experienced personnel to fill their vacancies, resulting in an efficient and well-equipped workforce to work towards the OHSC's strategic goals and objectives.

An Employee Wellness Programme is in place in the organisation to ensure the well-being of employees. To protect and preserve employee confidentiality, the Employee Wellness Programme is managed by an appointed external service provider. Employee health risk assessments were carried out as part of the Employee Wellness Programme during the reporting year. This exercise included checking employees' blood pressure, glucose level cholesterol level, human immunodeficiency virus (HIV) tests as well as body mass index (BMI).

OHSC capacitates its employees to enhance productivity. A consolidated workplace skills plan was developed and implemented with the objective of capacitating employees. As a result, a significant number of staff participated in training programmes. During the period under review, 103 employees participated in the skills development programme in which they attended training as informed by the training needs identified and consolidated in the training plan.

The OHSC has a performance management system in place to monitor employees' performance and outputs. The purpose of this system is to ensure that personnel are clear and focused in their individual roles, allowing the organisation to fulfil its strategic goals. In this regard, a revised performance management policy has been developed to further improve the effectiveness of the existing performance management system.

The OHSC has a risk management policy and strategy in place that requires management to undertake periodical risk assessments to determine the effectiveness of the OHSC risk management strategy and to identify new and emerging risks. A strategic risk assessment was carried out, which resulted in the updating of the current strategic risk register. Major strategic risks facing the OHSC were identified, together with control and mitigation strategies. Continuous effectiveness monitoring is carried out, and new control measures are implemented if inadequacies are identified. The internal audit function is in place and plays a key role in conducting risk-based audits, enabling management to take action to close any holes that are detected.

The information technology systems were operating efficiently due to close monitoring of existing systems by IT unit, contracts with service providers and level of automation that was implemented. ICT strategy was implemented focussing on optimisation of core system such as electronic inspection tool, annual returns, early warning system and the development of self-assessment and dashboard.

The OHSC continues to raise awareness among key stakeholders on its role and powers. The organisation embarked on roadshows and community radio campaigns in all provinces. The Government Communication Information System (GCIS) enabled the institution to communicate with listeners across 81 community radio stations during the live broadcasts. The roadshows were held to educate stakeholders on the importance of inspections, certification process and service requirements, as embodied in the requirements for participation in the National Health Insurance (NHI) fund and overall quality improvement. Information on the inspection tool development for General Practices (GPs) was packaged and shared through the OHSC digital platforms (LinkedIn, Facebook, and Twitter).

10.3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

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

10.4. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

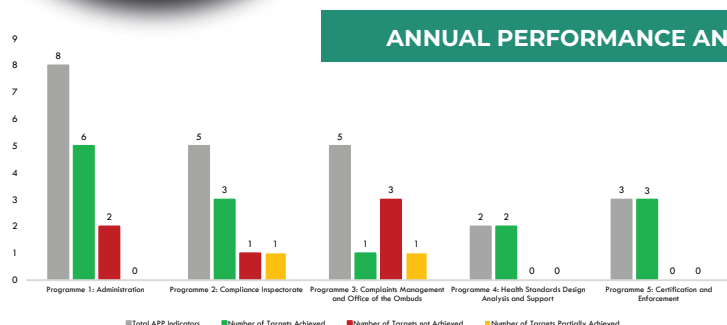
Impact	Safe and quality Health care services	
2019-24 Medium Term Strategic Framework Goals	OHSC Outcome	Progress
Goal 2: Achieve UHC by implementing NHI	A fully functional OHSC	Based on the previous two-year targets, the OHSC is on track towards meeting a five-year target. The OHSC managed to achieve an unqualified audit opinion demonstrating good governance that the OHSC do assess HEs compliance with, as they are inspected so that they can be accredited by NHI. The office achieved a five year target of community stakeholder engagements to raise public awareness and is on track towards the achievement of private sector engagements. This is crucial in raising the role and powers of the OHSC.
	Compliance with norms and standards is effectively monitored	Through the OHSC's outcome of effectively monitoring compliance with norms and standards, the Office has a critical role in the implementation of NHI by conducting the inspections of health establishments for the prerequisite certification. Through recommending steps to be taken to remedy non-compliance as outlined in the compliance notices, the OHSC contributes to improvements in the quality and provision of care (Goal 3). Since the financial year 2020/2021, the OHSC has inspected a total of 1 712 out of 3 741 (45.76%) of all public sector health establishments. The OHSC has started with inspections in the private sector and to date, 51 out of 431 (11.8%) health establishments were inspected. From 2020/2021 to date, the OHSC re-inspected a total of 325 health establishments.
	Improved quality of healthcare services rendered to users of health establishments	The cumulative number of low-risk complaints resolved by OHSC stands at 89% (7 340/ 8 240). The OHSC resolved 60.87% (42/69) of medium-risk complaints received from the public within the turn-around times set in the Annual Performance Plan for the 2022/23. The clearance of backlog of medium to high-risk complaints remained a priority, and as of 31 March 2023, the backlog was at 135.
	Facilitate achievement of compliance with the norms and standards regulations for different categories of health establishments	The OHSC facilitates compliance of health establishments with norms and standards regulations through several activities. These activities include the development of inspection tools and provision of guidance workshops and training. Since the financial year 2020/2021, 69 guidance workshops were conducted. As of 31 March 2023, 9 reports were submitted to relevant authorities. There were three early warning system reports, three reports on annual returns and three reports on the review of norms and standards. A total of five regulatory inspection tools namely Primary Health Care (PHC), Community Health Centre (CHC), District Hospital, Regional Hospital and Private Hospital tools were developed since 2020/21.
	Compliance with norms and standards is increased	The achievement of the target in the number of certificates of compliance issued to compliant health establishments contributes to the readiness of such health establishments for participation in the National Health Insurance once it is rolled out. Since the financial year 2020/2021, the OHSC has certified 473 health establishment of which 445 (94.1%) were certified within 15 days. The office is concerned about the low number of certificates of compliance that it has issued in the 2021/2022 and 2022/2023 financial years. This is a direct result of the number of health establishments that are found compliant. The unit has put in place new measures that are aimed at increasing the number of certificates of compliance issued in a year. The Office commenced with enforcement action against health establishments that are found to be still non-compliant after additional re-inspections. To date a total of 100 health establishments were issued with written warnings within 10 days.

11. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

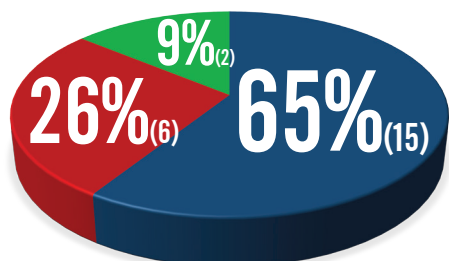


Performance information enables the organisation to track how well it is progressing in meeting its planned strategic outcomes and outputs. The non-financial performance information is key to effective management, including planning, budgeting, implementation, monitoring, and reporting of information. It also facilitates accountability and enables stakeholders and interested parties to track progress and identify the scope of improvement plans and better understand the issues involved (Framework for Managing Programme Performance Information: National Treasury).

During the period under review, a total of 23 output indicators were monitored and reported. The OHSC achieved fifteen of the twenty-three output indicators during the review period. This equates to a service delivery performance of 65% (15/23) for the period under review. Of all the achieved indicators, 40% (6/15) was achieved by support programmes and 60% (9/15) by the core programmes.



ANNUAL PERFORMANCE REPORT

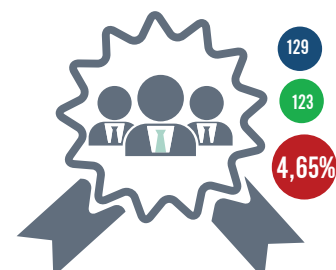


■ Achieved ■ Not Achieved ■ Partially Achieved

EXPENDITURE

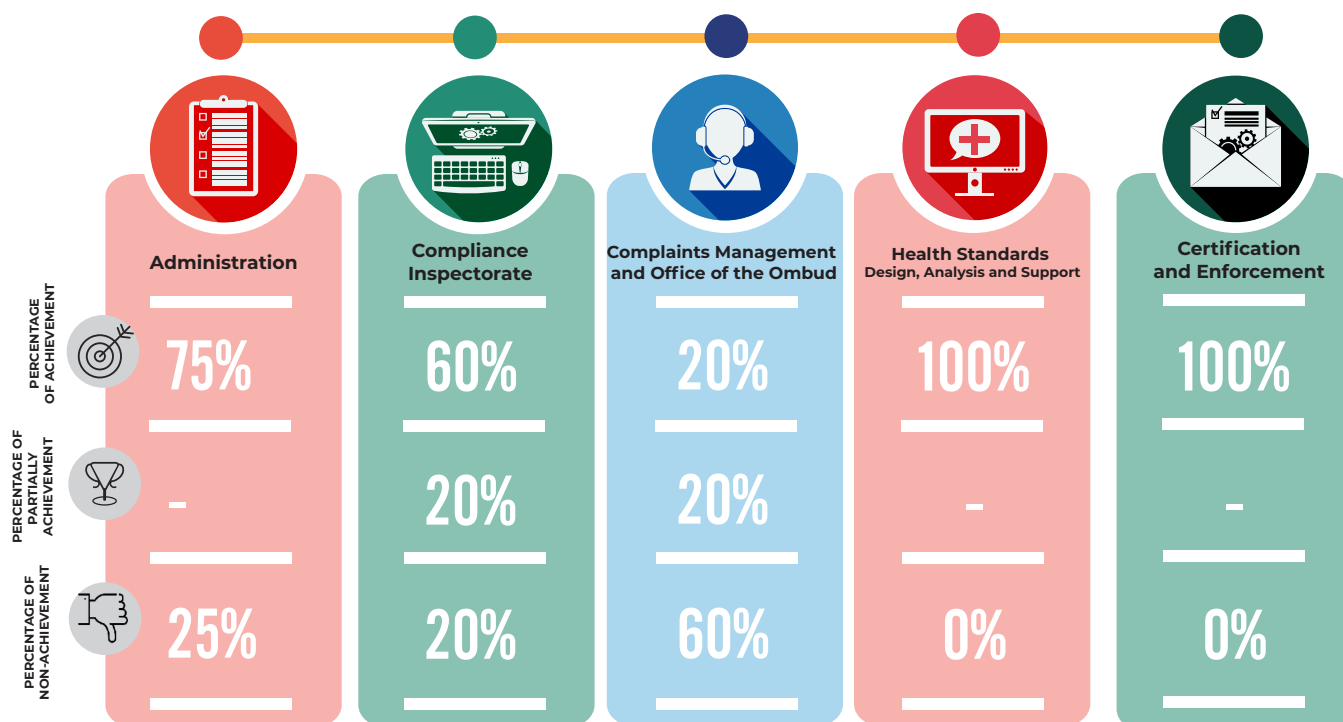


HUMAN RESOURCE (Vacancy rate)



● Approved 2022/23 Posts ● No. of Employees ● Vacancy rate

2022/23 ANNUAL PERFORMANCE PER PROGRAMME

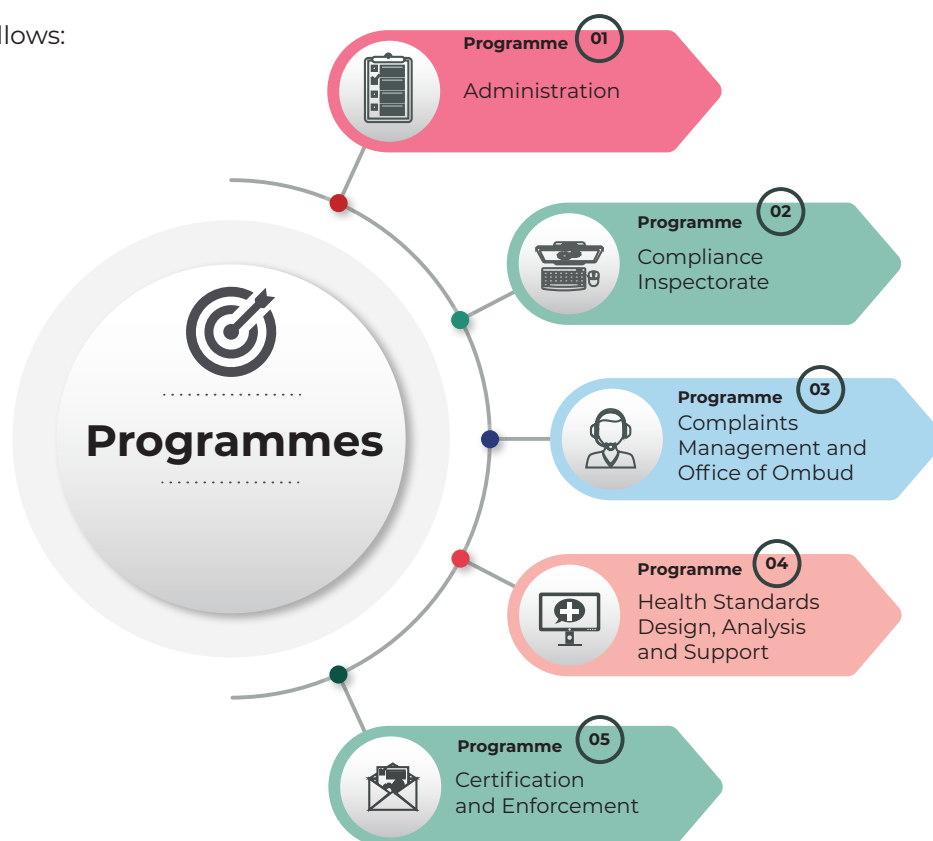


The non-achieved output indicators are indicated below:

Programme	Status
Programme 1 Sub-programme: Human Resources Management 1.1.1 Percentage of vacancies filled within four months of the vacancy existing 1.2.1 Percentage of certified inspectors after completion of training	Target not achieved
Programme 2 2.3.2 Number of annual report that set out the compliance status of all health establishments and summarises the number and nature of the compliance notices issued published	Target not achieved
Complaints Management 3.3.1 Percentage of complaints resolved within 6 months through investigation 3.4.1 Percentage of complaints resolved within 12 months through investigation 3.5.1 Percentage of complaints resolved within 18 months through investigation	Target not achieved

The OHSC fulfils its mandate through four specialised programmes each of which is responsible for a defined programme. Programme 1 (Administration) provides leadership and administrative support for the organisation as a whole. Ultimately all programmes work towards the common goal of ensuring safe and quality healthcare for everyone and although they are independent, to some extent, are interdependent.

The programmes are as follows:



This section of the report provides a description of each programme, including outcomes, outputs, output indicators and actual achievements.

11.1. PROGRAMME 1: ADMINISTRATION

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

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



Sub-Programme: Human Resources Management

Human Resources Management creates an enabling environment for employees to contribute towards the achievement of the organisations objectives and mandate. The unit enables the office to attract, develop and retain skilled people and ensure that funded vacancies are filled. In addition to this, the unit also deals with amongst others labour relations, performance management, service benefits and oversees facility management. eg maintenance.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

The OHSC surpassed the target of 7% and was able to reduce the vacancy rate to 4.65%. At the end of the financial year, the overall staff complement was 123 out of 129. This translates to 95.34% of funded posts being filled thereby indicating a significant improvement in the vacancy rate. This reduction in vacancy rate had a positive impact on the overall operations of the organisation as it ensured that programmes are resourced to achieve their respective targets. During the year ahead, the OHSC will focus on recruiting persons with disabilities.

The office successfully migrated to a new HR and payroll system to have all staff on the same system. This facilitated the merging and alignment of all service benefits and policy determinations between former section 197 (LRA) employees and other employees.

Employees benefited from an employee wellness programme which was well utilised, especially with regards to one-on-one counselling sessions, with many employees affected by the aftermath of COVID-19 and its lasting effects on mental health and family life and work matters. Quarterly talks on very pertinent topics were held for all employees, as additional assistance in navigating life's challenges.

103 employees benefited from a wide range of skills training and development which comprised of attendance of seminars, conferences as well as short courses, designed to improve skills and increase knowledge in specific fields.

Sub-Programme: Human Resources Management							
Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Outcome	A fully functional OHSC						
1.1 Vacancies filled within four months of the vacancy existing	1.1.1 Percentage of vacancies filled within four months of the vacancy existing	41.7% (10/24)	21.43% (3/14)	90%	64.29% (9/14)	-25.71%	A total of nine (9) posts were filled within four months out of a total of 14 posts which were vacant during the reporting year. The reasons for the posts which were not filled within a four-month period are as follows: Three posts had to be re-advertised due to no suitable candidate found or the candidate declining the post. One post had a labour issue, therefore the filling of the post had to be halted until the matter had been resolved.
	1.1.2: Percentage vacancy rate per year	-	-	7%	4.65% (6/129)	2.35%	The OHSC surpassed the target of 7% and was able to reduce the vacancy rate to 4.65%. At the end of the financial year, the overall staff complement was 123 out of 129.
1.2 Inspectors certified after completion of training	1.2.1 Percentage of certified inspectors after completion of training	80% (49/61)	95.24% (40/42)	95%	0% (0/1)	-95%	One inspector was recruited during the financial year and has undergone orientation into the work of the inspectorate and still to undertake the formal training which is offered over a period of 45 days. It's economically not viable to train one inspector, no new training has taken place during this reporting period. 38 out of 39 Inspectors currently undertaking inspections have been trained and certified.

Strategy to overcome areas of under performance

The OHSC will continue to prioritise the filling of posts and expedite the process with efficiency and speed in terms of the processes which are within its control.

Only one new Inspector was appointed during the reporting period for which individual training could not be offered due to the intensity and length of the relevant training. The Inspector will be trained with other Inspectors who will join the organisation in the new reporting year. Once trained, the new appointees will be certified.

Sub-Programme: Information and Communication Technology

Information and Communication Technology (ICT) provides long term planning and day to day support in respect of ICT needs, services, and systems.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

The OHSC managed to achieve an average of 99% uptime and availability of the core and support applications during the period review. The OHSC invested in a highly reliable and robust infrastructure with redundant WAN connectivity. This redundancy ensures that in the event of any hardware failures or unforeseen incidents, the systems are automatically switched to minimise any potential downtime.

The office has implemented monitoring systems that constantly oversee the health and performance of the core, support applications and infrastructure. Furthermore, the office performs regular scheduled maintenance and updates to optimize the performance and security of the core applications. These well-planned activities are carried out during off-peak hours to minimize any impact on the users.

Sub-Programme: Information and Communication Technology							
Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Outcome	A fully functional OHSC						
1.3 IT Service Availability	1.3.1 Percentage of ICT availability for core OHSC services	99.84%	99.98%	95%	99.82%	3.82%	The Information Technology systems are operating due to the close monitoring of existing systems by the ICT unit, contracts with service providers and the level of automation that was implemented.
	1.3.2 Percentage of ICT availability for OHSC support services	98.22%	99.96%	95%	99.86%	4.86%	The information technology systems are operating due to the close monitoring of existing systems by the IT unit, contracts with service providers and the level of automation that was implemented.

Strategy to overcome areas of underperformance

All the performance targets were met.

Sub-Programme: Communication and Stakeholder Relations

Communication and Stakeholder Relations aims to remove existing constraints by achieving alignment through effective stakeholder engagement and value-adding partnerships that are mutually beneficial which will result in the organisation meeting and exceeding its goals.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

During this financial year, the OHSC initiatives were driven by the need to:

- Sustain public confidence in the entity's ability to deliver on its mandate through its programmes;
- Assist the healthcare sector to understand the OHSC's mandate and programmes, especially as they relate to promoting quality and safety in the healthcare sector;
- Build the entity's capacity to communicate coherently and effectively with its various key stakeholders.

In achieving our communication objective to raise awareness of the role and powers of the OHSC amongst its various key stakeholders, the following initiatives were embarked upon:

Community Radio Campaigns

To ensure the provision of efficient and effective profiling of the OHSC's programmes to its various stakeholders, the OHSC embarked on community radio campaigns aimed at raising awareness of the role and powers of the OHSC. The Live broadcasts were facilitated through the Government Communication Information System (GCIS) whereby the entity interacted with listeners across 81 Community Radio stations. The sessions were hosted live from the GCIS's studios.

Roadshows and other Stakeholder Engagements

The OHSC continues to strive to build value-adding partnerships that are mutually beneficial resulting in the organisation realising its mandate, as such, various roadshows and stakeholder engagements were undertaken and implemented.

Roadshow campaigns aimed at increasing public awareness of the OHSC and Ombud were conducted in various villages and health establishments in the predominantly rural Local Municipality of Mquma in the Eastern Cape and Maphumulo Local Municipality in KwaZulu-Natal.

Furthermore, a number of Board roadshow campaigns were undertaken with all nine provincial health departments and health groups. The purpose of the roadshows was to educate stakeholders on the importance of inspections, the certification process and service requirements as embodied in the requirements for health establishment's participation in the National Health Insurance (NHI) and overall quality improvement.

The OHSC participated at the 24th annual conference of the Association of Medical Council of Africa in the North-West and the annual Board of Healthcare Funders conference in the Western Cape through exhibitions, sharing information on the functions of the entity and its mandate.

To ensure the provision of efficient and effective profiling of the OHSC's programmes to its various stakeholders, the entity participated in a consultative forum hosted by the Health Funders Association and presented the role of OHSC in addressing the Health Market Inquiry findings and recommendations.

The OHSC continues to engage with General Practitioners (GPs) with the aim to ensure a common understanding of how inspection tools are developed and shared during the General Practitioners' consultative workshops in Gauteng, Limpopo, and Mpumalanga respectively. Through these engagement workshops, the entity was able to solicit inputs from GPs on the inspection.

Advertorials

Connecting through sharing of information with our key stakeholders remains a key priority for the OHSC, in light of this, the entity placed Advertorials in seven digital and print medical publications as part of its strategy to raise and build brand awareness, understanding and acceptance of the OHSC role.

Digital Newsletter

As part of its effort to foster understanding and awareness of the mandate of the OHSC, the entity produced and published its inaugural digital external newsletter, The Bulletin. The newsletter is targeted at health establishments and medical professionals.

Media Engagements

The entity's Health Ombud released findings of an investigation against Rahima Moosa Mother and Child Hospital in Gauteng. The findings were released during a media briefing hosted by the OHSC and drew widespread media interest, covered by national media and global news networks. The Government Communication and Information System (GCIS) provided technical support and facilitated the live broadcast of the briefing through mainstream media. The entity continues to communicate its key strategic focus areas, four additional media releases were issued by the OHSC and Ombud during the year which attracted extensive media coverage, mostly in national and major regional media streams.

OHSC Digital Platforms

The entity continues to utilise its digital communication platforms to increase communication with its stakeholders such as its website, Twitter, Facebook, Instagram, and LinkedIn to profile its programmes and initiatives.

Sub-Programme: Communications and Stakeholder Relations

Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Outcome	A fully functional OHSC						
1.4 Awareness about the role and powers of the OHSC and Health Ombud is raised	1.4.1 Number of community stakeholder engagements to raise public awareness on the role and powers of the OHSC and Health Ombud	6	32	12	34	22	Target exceeded due to identifying a need for additional roadshows and community radio campaigns aimed at raising awareness on the role and powers of the OHSC. There were also national road shows led by the OHSC Board in all provinces.
	1.4.2 Number of private sector engagements to raise awareness on the role and powers of the OHSC and Health Ombud	3	9	8	17	9	Target exceeded due to several advertorials placed in medical publications and Board roadshow with private sector Hospital Groups.

Strategy to overcome areas of under performance

None

Sub-Programme: Finance and Supply Chain Management

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

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

In keeping with the prior years' achievements, the OHSC managed to achieve an unqualified audit opinion, thus demonstrating good governance and accountability for the financial resources received from the national fiscus. During the financial year, the OHSC improved its internal control environment by reviewing existing policies and implementing recommendations received from both internal and external auditors. Furthermore, the OHSC implements the National Treasury's prescripts as revised from time to time.

Sub-programme: Finance and Supply Chain Management

Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Outcome	A fully functional OHSC						
1.5 Unqualified audit opinion achieved by the OHSC	1.5.1 Unqualified audit opinion achieved by the OHSC	Unqualified audit opinion achieved by the OHSC	Unqualified audit opinion achieved by the OHSC	Unqualified audit	Unqualified audit opinion achieved by the OHSC	None	None

Strategy to overcome areas of underperformance.

None

Linking performance with budgets

Programme	2022/2023			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Administration	64,680,005	76,769,260	(12,089,255)	61,423,088	68,759,560	(7,336,742)

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

Furthermore, the OHSC had not budgeted for salary increases as it was anticipated that there would be zero percent increases. Resulting from the Department of Public Service and Administration (DPSA's) communication on cost of living adjustments in 2022/23, the OHSC implemented cost of living adjustments funded from the accumulated surplus from prior years.

11.2. PROGRAMME 2: COMPLIANCE INSPECTORATE

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

The Compliance Inspectorate is responsible for conducting routine and additional inspections. Routine inspections are planned inspections, conducted as outlined in the Annual Inspection Strategy. Additional inspections comprise of risk-based, re-inspections as well as pilot inspections. Risk-based inspection are ad hoc, triggered by the early warning system (EWS), while pilot inspections are conducted during the inspection tool

development process in partnership with HSDAS (Programme 4). Re-inspections are conducted for all health establishments which were found to be non-compliant during routine inspections. Such an inspection is conducted to check whether non-compliance has been remedied.

The outcomes of inspections are communicated to the Certification and Enforcement Unit (Programme 5). All health establishments found to be compliant are recommended for certification, while those found to be non-compliant are issued with a compliance notice. Health establishments that are found to be non-compliant after a re-inspection, are recommended for enforcement.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

During the period under review, two types of inspections were conducted in the public and private sector namely: routine and re-inspections. Routine inspections are inspections conducted for the first time in a health establishment using the regulated Norms and Standards. Re-inspections are conducted to assess if the previously identified breaches in the norms and standards regulations have been addressed. During the reporting period, re-inspections were conducted in the public sector; however, have not been conducted in the private sector as inspections in private sector health establishments have only started in October 2022.

During 2022/2023, the Compliance Inspectorate started conducting the inspections in the private

sector for the first time. A total of 51 health establishments in the private sector were inspected across all the nine provinces in the country in different hospital groups and a total of 781 public health establishments were inspected in the public sector during the period under review. Cumulatively, 1 712 out of 3 741 (45.76%) of all public sector health establishments were inspected since the promulgation of Norms and Standards Regulations. The OHSC will continue working towards fulfilling its legal mandate through conducting inspections at different health establishment types in order to assess compliance with the regulated Norms and Standards. The main outcome, outputs and targets of the Compliance Inspectorate are outlined in the table below.

Programme 2: Compliance Inspectorate

Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Outcome Compliance with norms and standards is effectively monitored							
2.1 Health establishments are inspected for compliance with the norms and standards	2.1.1 Percentage of public health establishments inspected for compliance with the norms and standards	10.14 % (387/3 816)	14.54% (544/3 741)	21% (788/3 741)	20.8% (781/3 741)	-0.2%	The overall annual target for inspections in the public sector fell short with seven inspections not conducted. Two inspection teams had to return to the office without completing the assigned inspections due to unrests in KwaZulu-Natal (KZN) during the month of January 2023. Some KZN clinics in Zululand district could not be accessed due to floods. Due to the labour action at hospitals and clinics during the week 13–17 March 2023, the office postponed scheduled health establishment inspections at the request of the Gauteng Department of Health.
	2.1.2 Percentage of private health establishments inspected for compliance with the norms and Standards	0% 0/431	Not applicable	12% (52/431)	11.8% (51/431)	-0.2%	Sunshine Hospital in Ekurhuleni Metro's scheduled inspection for the week of March 27–31, 2023, was cancelled because the OHSC received late notification that the hospital will be closing. There was no sufficient time to reasonably issue an inspection notice to another private healthcare health establishment.
2.2 Additional inspection is conducted in health establishments where non-compliance was identified	2.2.1 Percentage of additional inspections (re-inspection) conducted in public and private health establishments that have completed the regulated reporting period and where non-compliance was identified	0%	99.5% (181/182)	100%	100% (106/106)	0%	The OHSC managed to conduct re-inspections in 106 health establishments in various provinces. • Eastern Cape-24 • Free State-3 • Gauteng-12 • KwaZulu-Natal-16 • Limpopo-9 • Mpumalanga-15 • Northwest-16 • Northern Cape-2 • Western Cape-9 Grand Total-106

Programme 2: Compliance Inspectorate							
Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
2.3 Regulated inspection reports are published	2.3.1 Number of reports of inspections conducted with the names and location of the health establishments every six months published	1	2	2	2	0	Two bi-annual reports were released and posted on OHSC website in compliance with regulatory requirement. Bi-annual reports provide the names and location of the health establishments inspected every six months.
	2.3.2 Number of annual report that set out the compliance status of all health establishments and summarises the number and nature of the compliance notices issued published	New indicator	1	1	0	-1	There were delays in moving completed inspection reports through the last phase of quality assurance of review by External Panel Member (EPM) and also evaluation of the evidence submitted by the health establishments after issuing the preliminary reports.

Strategy to overcome areas of under performance

The OHSC will implement four weeks inspections notifications to health establishments and provincial departments prior onsite inspection. This early notification will allow health establishments to inform the OHSC of any activities that might affect the conduction of inspections and allow the inspectorate to implement alternative inspection plans.

The OHSC will review the External Panel Member (EPM) processes and implement alternative processes replacing EPM to ensure that individual health establishment reports are released timeously. Report writing will be conducted per province once health establishments final reports have been released.

Linking performance with budgets

Programme	2022/2023			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Compliance Inspectorate	58,469,205	75,854,104	(17,384,899)	53,988,829	49,718,575	4,270,254

The Compliance Inspectorate is the biggest division in the OHSC. During the financial year under review, additional funding from prior year surpluses was made available to the division to boost human resource capacity, as well as to fund increased travel costs.

In addition, resulting from the DPSA's communication on cost of living adjustments in 2022/23, the OHSC implemented cost of living adjustments using the accumulated surplus from prior years. These increases were not budgeted for and were defrayed from the accumulated surplus.

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

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

- Complaints Call Centre (CCC) – Call centre operators are employed by OHSC to receive complaints from the public through calls, email, and written letters. They register, record and screen all complaints received and refer to the next level as appropriate. All low-risk complaints are addressed at the level of the call centre.
- Complaints Assessment Unit (CAU) – All complaints that receive a medium and high-risk rating are referred to the CAU. Assessors are employed by OHSC to analyse and assess medium and high-risk rated complaints. Cases that are assessed as high are further escalated to the Investigation Unit to be investigated.
- Complaints Investigation Unit (CIU) – All complaints that receive a high and extreme risk rating are referred to the Complaints Investigation Unit. Investigators are employed to investigate high and extreme risk rated complaints. These mainly require on-site visits to the Health Establishments and robust analysis of evidentiary documents.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Significant strides have been made to utilise the limited resources within the Complaints Management and Ombud Programme of the OHSC to handle the ever-increasing workload. The rapid increase in the number of complaints received has posed a serious strain on adhering to the turnaround time for resolving the complaints as set in the Annual Performance Plan targets. During the year under review, the Complaints Management Programme and Office of the Ombud facilitated the resolution of 93.53% (2 476/2 647) of low-risk complaints within 25 working days of lodgment in the call centre and 60.87% (42/69) of medium risk complaints were resolved within 30 working days through assessment after receipt of a response from the complainant and/or the health establishment.

Concerted efforts have been made in intensifying public awareness and collaboration with key stakeholders on the handling of complaints by the Health Ombud and those providing assistance to his office. All the nine provinces were reached, including public and private sector health establishments. On 28 March 2023, the Complaints Management Programme and Office of the Ombud representative took part in

radio campaigns that provide a framework within which the communication and stakeholder relations activities of the OHSC and the Office of the Health Ombud engage effectively with the public. The radio slots played a significant role and assisted the OHSC and OHO in reaching out to targeted public and health service users over 82 Local Radio Stations.

As we consider the work of the Health Ombud during the year under review, it is worth noting that this year's annual report marks the last Annual Report and end of tenure for the work undertaken by the 1st Health Ombud South Africa, Prof. Malegapuru Makgoba. It is encouraging though to note that the implementation of recommendations made from the Health Ombud's Investigations have brought about great improvements in the lives of individuals and the broader health system and have contributed to legislative review. The OHSC continues to monitor the implementation of other recommendations that require follow up.

The main outcome, outputs and targets of the Complaints Management Programme and Office of the Ombud are outlined in the table below.

Programme 3: Complaints Management and Office of the Health Ombud							
Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Outcome Improved quality of health care services rendered to the users in the health establishments							
3.1 Low risk complaints resolved within 25 working days of lodgement in the call centre	3.1.1 Percentage of low-risk complaints resolved within 25 working days of lodgement in the call centre	91.81% (2 108/2 296)	83.09% (2 756 / 3317)	80%	93.4% (2 472 / 2647)	13.4%	Continuous monitoring of the management of low-risk complaints process and weekly update submissions.
3.2 User complaints resolved within 30 working days through assessment after receipt of a response from the complainant and/or the health establishment	3.2.1 Percentage of user complaints resolved through assessment within 30 working days of receipt of a response from the complainant and/or the health establishment	2.46% (5/203)	26.71% (39 / 146)	65%	60.87% (42/69)	-4.13%	The preliminary reports are shared with health establishments and complainants for comments prior to finalisation. The turnaround time provided is seven working days, however the response is usually received after the seven working days, leading to delays and subsequent non-achievement of the indicator.
3.3 Complaints resolved within six months through investigation	3.3.1 Percentage of complaints resolved within six months through investigation	11.11% (1/9)	4.43% (7/158)	15%	0.63% (1/157)	-14.67%	Performance was impacted by staffing constraints and delays in accessing information from health establishments and / or complainants, which led to delays in investigation of cases. The inclusion of backlog cases (135 backlog cases, dating back to 2017) in the calculation of cases resolved within six months impacts the reflection of the actual achievement.
3.4 Complaints resolved within 12 months through investigation	3.4.1 Percentage of complaints resolved within 12 months through investigation	0%	1.27% (2/158)	5%	3.18% (5/157)	-1.82%	Staffing constraints and the inclusion of 135 backlog cases in the calculation of cases resolved within twelve months impacts the reflection of the actual achievement.
3.5 Complaints resolved within 18 months through investigation	3.5.1 Percentage of complaints resolved within 18 months through investigation	0%	0% (0/158)	2%	0.66% (1/157)	-1.34%	Limited investigative capacity and the inclusion of 135 backlog cases in the calculation of cases impacted the resolution of cases eligible for investigation within 18 months.

Strategy to overcome areas of under performance

The Office will undertake several strategies, including the following:

- Strict adherence to timelines as stipulated in Complaints Management Standard Operating Protocols;
- Appointment of five investigators on a 12-month fixed-term contract;
- Capacity building/training for Complaints Management programme staff to add value towards the achievement of the programme outputs and other related projects; and
- Peer review mechanisms with similar organisations such as the Parliamentary Health Services Ombud (PHSO) and the International Ombudsman Institute (IOI) to streamline the management of complaints and the production of complaints resolution reports.

Linking performance with budgets

Programme	2022/2023			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Complaints Management and office of the Ombud	20,890,411	23,405,178	(2,514,767)	20,388,822	22,071,465	(1,682,644)

The total expenditure for the Complaints Management division was defrayed using the original budget and the accumulated surplus from prior years. Additional employees on short term contracts were appointed to boost the human resource capacity of the division.

In addition, salary increases were implemented using the accumulated surplus from prior years. These salary increases had not been part of the original budget of 2022/23.

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

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

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

Health Standards Development and Training

The Health Standards Development and Training unit advises the Ministry of Health on the development and review of norms and standards incorporated into regulations against which health establishments will be inspected. It also develops inspection tools designed to enable inspectors to measure compliance with norms and standards promulgated by the Ministry of Health.

The unit provides training to inspectors, complaints assessors and investigators on the developed and approved inspection tools prior to commencement of inspections of various categories of health establishments. The unit conducts workshops with relevant authorities to ensure that those responsible for implementing norms and standards regulations have a common understanding of the requirements, the intended benefits of compliance, and how this can be achieved in a sustainable manner to improve the quality of the health system and its outcomes.

Health Systems, Data Analysis, and Research

The Health Systems, Data Analysis, and Research unit monitors trends related to compliance with norms and standards regulations through health establishments' submission of annual returns (facility profiles) and reporting on indicators of risk as part of the early warning system (EWS). The information contained in annual returns is used to plan compliance inspections and undertake contextual analysis of inspection results. By closely tracking key indicators, the EWS enables the OHSC to monitor serious breaches of norms and standards regulations and resulting risks to the health and safety of health service users.

The unit triangulates data from the annual returns, the EWS and inspections to compile reports, analyse the health system and make recommendations to relevant authorities on areas of service that require improvement.

The unit co-ordinates research activities that enable the OHSC to provide advice to the Minister of Health on norms and standards to be prescribed. The aim is to ensure that recommendations on improvement of quality and other regulatory activities are supported by scientific evidence.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

The OHSC's strategic outcome of facilitating the achievement of compliance with the norms and standards for the different categories of health establishments is premised on the basis that health establishments that meet the requirements outlined are more likely to provide quality of care and ensure patient safety.

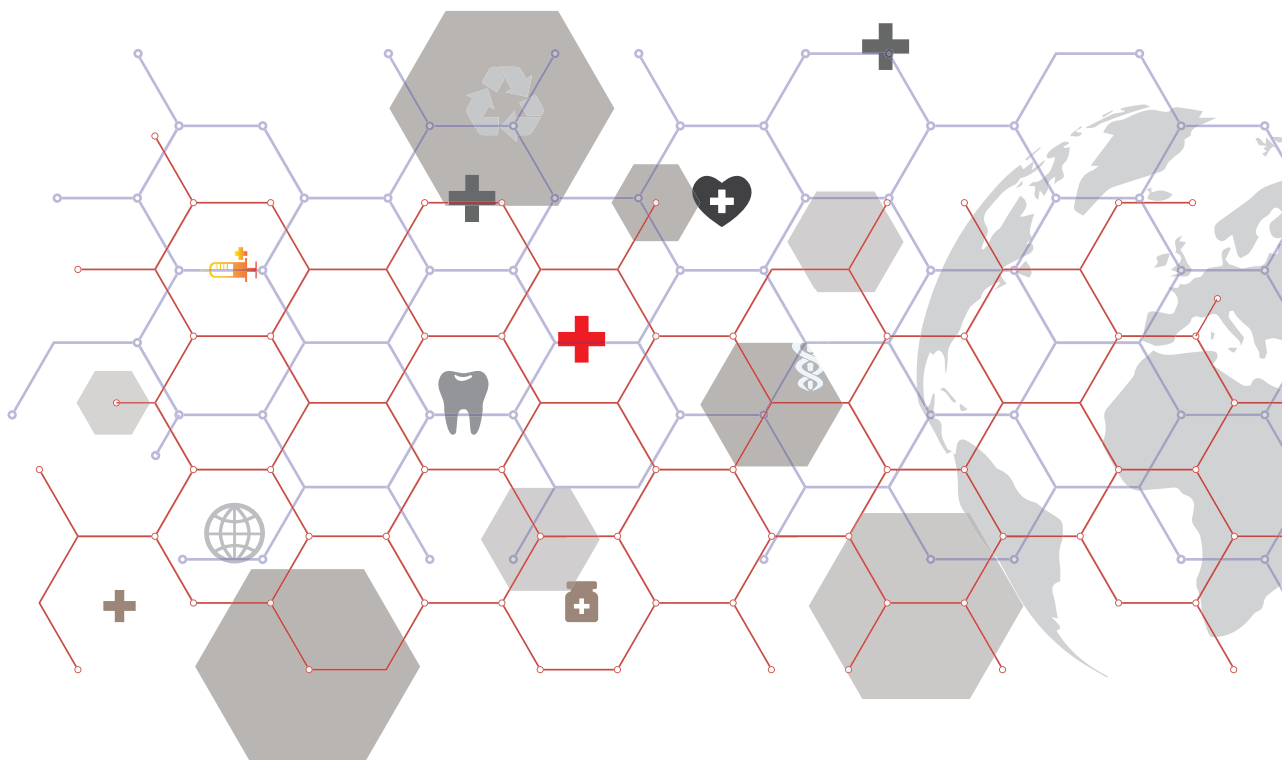
The OHSC reviewed and analysed Compliance Inspections reports, media alerts, Annual Returns, Early Warning System, Complaints and Health Ombud report on the Limpopo province. Gaps were identified that could potentially impact the provision of quality of healthcare services provided by health establishments in Limpopo province. Consequently, a recommendation report was prepared for the Limpopo provincial health authorities outlining the gaps in the current provincial health system. The recommendation report provided clear recommendations on aspects that should be addressed to improve the performance of health establishments in the province against the norms and standards.

During the period under review, the division also produced recommendations reports in relation to the Early Warning System (EWS) and the Annual Returns (AR). The recommendations reports

were based on the analyses of the data from the health system in relation to these two important regulatory processes. The EWS recommendations report outlined the trends in breaches to norms and standards as they relate to patient safety, overall health system weaknesses, and provided explicit recommendations to address these weaknesses.

The Annual Returns provide important information on health system inputs and provides contextual information on the profile of the health establishments. The health system inputs (finances, human resources, and infrastructure) directly impact on the ability of health establishments to provide appropriate and safe quality care. The recommendations report was complemented by guidance and support workshops to communicate the importance of health establishments' profiling.

A number of inspection tools were in the process of development. Guidance workshops were provided to the different stakeholders in relation to these inspection tools to ensure common understanding of the requirements in the tools and thereby facilitate implementation and compliance. Through guidance and support workshops, health establishments could commence with the preparations for self-assessments and routine inspections.



The main outcome, outputs and targets of the Health Standards Design, Analysis, and Support are outlined in the table below.

Programme 4: Health Standards Design, Analysis and Support							
Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Outcome	Facilitate achievement of compliance with norms and standards regulations for different categories of health establishment						
4.1	4.1.1	3	3		3	0	
Implementation of recommended improvements by relevant authorities in the healthcare authorities	Number of recommendations reports for improvement in the healthcare sector made to relevant authorities		A report submitted on early warning system. A report submitted on annual returns. A report submitted recommending the required quality interventions	Three recommendations reports	- One recommendation report for Limpopo province on Norms and Standards Regulations was finalised and released to the relevant health authority being the Limpopo Provincial Department of Health. - One National Annual Returns recommendations report (including 9 provincial reports) were completed and released to the nine (9) provincial departments of health. The provincial departments of health referred to are: - Eastern Cape - Free State - Gauteng - KwaZulu-Natal - Limpopo - Mpumalanga - Northern Cape - North-West - Western Cape - One National Early Warning System recommendations report (including 9 provincial reports) were completed and released to the nine provincial departments of health. The provincial departments of health referred to are: - Eastern Cape - Free State - Gauteng - KwaZulu-Natal - Limpopo - Mpumalanga - Northern Cape - North-West - Western Cape		The OHSC was able to develop and submit all three reports planned for the financial year.
4.2	4.2.1	18	26	24	25	1	
Improved implementation of the norms and standards	Number of guidance workshops conducted to facilitate implementation of the norms and standards regulations						The target for the guidance reports was reached. An additional Guidance and Support workshop was conducted for the KwaZulu-Natal licensing unit.

Linking performance with budgets

Programme	2022/2023			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Health, Standard Design, Analysis and Support	10,971,686	13,190,832	(2,219,146)	13,395,909	9,827,7755	3,568,154

The total budget expenditure for the HSDAS division was supplemented by the surplus from the prior year. The surplus was largely used to fund the appointment of employees on short term contracts, as well as defray expenditure for salary increases which were not part of the original budget.

11.5. PROGRAMME 5: CERTIFICATION AND ENFORCEMENT

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

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

During the reporting period, a total number of 251 health establishments were certified by the OHSC. All health establishments found to be non-compliant with the norms and standards had been issued with a compliance notice stating the areas of non-compliance and the period within which the identified breaches should be addressed.

The OHSC will continue to monitor implementation of the conditions set out in the compliance notices and additional inspections will be conducted when the period stated in the compliance notices lapse. Compliance will be enforced against health establishments found to be persistently non-compliant after the additional inspections.

Additional inspections were conducted to determine if the breaches have been remedied. Furthermore, all health establishments that were found to be persistently noncompliant were subjected to the enforcement process. To date, the only enforcement action taken against non-compliant health establishments is the issuing of a written warning.

The main outcome, outputs and targets of the Certification and Enforcement Unit are outlined in the table below.

Programme 5: Certification and Enforcement							
Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Outcome	Compliance with norms and standards increased						
5.1 Compliant health establishments are issued with a certificate of compliance	5.1.1 Percentage of health establishments issued with a certificate of compliance within 15 days from the date of the final inspection report and a recommendation by an Inspector	100% (33/33)	85.19% (161/189)	100%	100% (251/251) EC=34 KZN=111 NW=17 FS=12 LP=5 MP=18 WC – 31 NC=3 GP=20	0	A total of 251 compliance certificates were issued to compliant health establishments in various provinces.

Programme 5: Certification and Enforcement

Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Outcome		Compliance with norms and standards increased					
5.2 Enforcement action is taken against non-compliant health establishments	5.2.1 Percentage of health establishments against which enforcement action has been initiated within 10 days from the date of the final inspection report and a recommendation by an Inspector	0%	0% (0/23)	100%	100% (100/100) LP=10, KZN=13 EC=31 NW=08 NC=14 MP=08 FS=15 GP=1	0	Written Warnings were issued against Hundred (100) health establishments which were found non-compliant after additional inspection and based on recommendation by inspectors.
5.3 Health establishment compliance status reports are published	5.3.1 Number of bi-annual reports developed for publication on the OHSC website	1	2	2	2	0	The OHSC was able to publish two reports which provide information on the compliance certificates issued to compliant health establishments in the province and the number, names of non-compliant health establishments against which enforcement action has been commenced per province.

Linking performance with budgets

Programme	2022/2023			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Certification and Enforcement	2,497,693	2,504,676	(6,983)	2,692,353	2,154,426	537,927

Expenditure for the Certification and Enforcement program related largely to compensation of employees, including salary increases implemented during the financial year. In part, some of the expenditure related to travel activities of the programme.

12. REVENUE COLLECTION

2022/2023				2021/2022		
Sources of revenue	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
Government grant	157,509,000	157,509,000	-	151,889,000	157,997,172	(6,108,172)
Interest received	-	3,337,193	(3,337,193)	-	2,034,038	(2,034,038)
Other income	-	1,456	(1,456)	-	43,162	(43,162)
Total	157,509,000	160,847,649	(3,338,649)	151,889,000	160,074,372	(8,185,372)

The full allocation of the OHSC was received from the national fiscus during the financial year. Further, the OHSC has in place an investment policy, through which funds which are not immediately required for use are invested. Through this policy, an additional R3.3 million was generated as interest on investment.



PART C

GOVERNANCE

13. INTRODUCTION

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

14. PORTFOLIO COMMITTEES

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

Table 1: Portfolio committees' meetings

Date	Parliamentary Structure	Activity/Focus
12 October 2022	Portfolio Committee on Health	Presentation of the Annual Report for financial year 2021- 2022.

15. EXECUTIVE AUTHORITY

In line with statutory requirements, the OHSC submitted the following reports during the 2022/2023 financial year period.

Report / document type	Date submitted	Executive authority comment
Quarter 4: 2021/2022 Performance Information Report	29 April 2022	None
Quarter 1: 2022/2023 Performance Information Report	31 July 2022	None
Quarter 2: 2022/2023 Performance Information Report	31 October 2022	None
Quarter 3: 2022/2023 Performance Information Report	31 January 2023	None

16. THE ACCOUNTING AUTHORITY / BOARD

Introduction

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

The role of the Board is as follows:

The role of the Board, specifically, is to:

- Retain full and effective control over the OHSC and monitor the implementation of the strategic plans and Board-approved financial, environmental, and social objectives;
- Define levels of authority, reserving specific powers to itself and delegating other matters, with the necessary written authority, to the CEO;
- Regularly monitor the delegation of authority;
- Ensure that an appropriate system of policies and procedures is in place and maintained and that suitable governance structures exist for the smooth, efficient, and prudent stewardship of the OHSC;

- Ensure OHSC compliance with all relevant laws and regulations, audit and accounting standards, codes of conduct and best business practice and any other such principles and codes as may be established by the Board from time to time;
- Regularly review and evaluate business risks to the OHSC and ensure that comprehensive, appropriate internal controls exist to mitigate such risks;
- Exercise objective judgement about the business affairs of the OHSC, independent from management but with sufficient management information to enable a proper and informed assessment; and
- Identify and monitor all aspects relevant to the business of the OHSC and to ensure its responsible conduct towards all relevant stakeholders with a legitimate interest in its affairs.

Board Charter

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

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

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

Composition of the Board

The Board is comprised of eleven (11) non-executive Board members appointed by the Minister of Health in terms Section 79B of the NHA. The CEO and the CFO are ex officio (executive directors) members of the Board. The term of office of the Board commenced on the 7 February 2020 and ended on 6 February 2023. A new Board was appointed by the Minister of Health on 12 February 2023 for a term of three (3) years. There is diversity in the Board in terms of skills and competencies as prescribed by Section 79B of the NHAA.

Table 2:

Composition of the outgoing Board members in terms of skills and competencies as prescribed by Section 79B of the NHAA.

Attendance at the Board Meetings for the period 1 April 2022 to 31 March 2023.

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Term ended	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Dr Ernest Kenoshi	Chairperson	7 February 2020	6 February 2023	MBChB, DTM&H, Master's in public health (Hospital Management), Advanced Certificate in Healthcare Management	Public Health	MDB:HPCSA	None	12
Ms OA Montshiwa	Deputy Chairperson	7 February 2020	6 February 2023	Diplomas in General Nursing, Diploma in Midwifery, Bachelor of Nursing and Honours in Community Health	Nursing	None	CEC HRREMCO	9
Mr K Hoosain	Member	7 February 2020	6 February 2023	B Com Honours, CA (SA), Certificate in Forensic Accounting, and MBA	Accounting	Council for Medical Schemes, SAICA and University of Western Cape	Chairperson AR&F Committee	6
Professor KC Househam	(Member)	7 February 2020	6 February 2023	MBChB	Public Health and Management	South African Health Products Authority, St Luke's Community Hospices	AR&F Committee member	10
Prof K Mfenyana	Member			Teaching Diploma, BSc Degree, MBChB, Masters in Family Medicine	Academic	HPCSA	CE Committee member	12
Dr M Sengwana	Member	7 February 2020	6 February 2023	ND: General, Community and Psychiatry, ND: Critical Care Nursing Science, Masters in Public Health, Doctor of Philosophy	Research	None	AR&F Committee member CE Committee member	9
Dr MLB Simelane	Member	7 February 2020	6 February 2023	BSc, MBChB, University Education Diploma, BSc (Zoology and Botany)	Public Health	None	CE Committee Chairperson HRREMCO member	12
Prof Usuf Chikte	Member	7 February 2020	6 February 2023	PhD, MSc, MDent, DHSM, BChD	Education	None	CE Committee member HRREMCO member	12

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Term ended	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Dr Maria Peenze	Member	7 February 2020	6 February 2023	Doctor Technologiae: Business Administration, Magister Legum: Human Rights, Baccalaureus Legum, Baccalaureus Iuris	Law: Human Rights, Governance	International Association of Certified Fraud Examiners Advisory Council, Road Accident Fund, South African Institute for Drug-Free Sport	AR&F Committee member HRRESCO Chairperson	12
Prof Mohambry Chetty	Member	7 February 2020	6 February 2023	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	CE Committee member	13
Ms Ritta Msibi	Member	7 February 2020	6 February 2023	Degree: Nursing Administration and Education, NHD: General, Midwifery and Psychiatry, ND: Unit Management, ND: Primary Healthcare	Labour	None	CE Committee member	9

Table 3:

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

During the period under review the Board Meetings from 12 February 2023 until 31 March 2023 were as follows:

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Term ended	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Dr Ernest Kenoshi	Chairperson	7 February 2020	6 February 2023	MBChB, DTM&H, Advanced Certificate in Healthcare Management, Certificate in Improving the Quality of Health Services, Master's in public health (Hospital Management), Financial Management for non-financial managers, Project Management, Primary Emergency Medicine, Hospital Major Incident Management, Departmental Leadership.	Public Health	MDB: HPCSA		3
Dr Reno Morar	Vice-Chairperson	12 February 2023	N/A	Certificate In Professional Coaching Practice, Public Health Specialist, and registered Fellow of the College of Public Health Medicine of South Africa [FCPHM (SA)], Master of Medicine in Community Health [MMed], Post Graduate Diploma in Health Management, Economics and Financial Planning (DHMEF), Medical Doctor MB ChB (Bachelor of Medicine and Bachelor of Surgery).	Public Health	Chairperson of the Advisory Committee: National Health Reference Price List (NHRPL) Chairperson of the Board of Trustees of ComaCARE Chairperson of the task-team on "Models of Public-Private Partnerships.	3 Special Board	3

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Term ended	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Mr Rajesh Mahabeer	Member	12 February 2023	N/A	CA(SA), FCMA, CGMA, FCA (England & Wales), BFP, FCCA, CIA, FIIASA, M.Inst.D, SARIPA, INSOL, MBA (Derby), MCom (UKZN), Post Grad Dip Acc (UKZN), N Dip Cost Acc (DUT), PhD (Candidate) (WITS)	Accounting, Auditing, and Finance	SAHPRA REPSSI	Audit, Risk, and Finance Committee	3
Prof Usuf Chikte	Member	7 February 2020	6 February 2023	PhD (Community Health), MSc (Dental Public Health), MDent, DHSM, BChD, British Council Fellow, Specialist, Community Dentistry, Registrar, Community Dentistry.	Education		3 Special Board	3
Prof Lilian Dudley	Member	12 February 2023	N/A	PhD Public Health, Fellow of College of Public Health Medicine, M.Sc Health Policy, Planning and Financing, Diploma in Child Health, MB,ChB, BSc Medical Microbiology.	Public Health Medicine Specialist	None	3 Special Board	3
Dr Maria Peenze	Member	7 February 2020	6 February 2023	Doctor Technologiae: Business Administration, Magister Legum: Human Rights, Baccalaureus Legum, Baccalaureus Iuris, Certified Fraud Examiner, Africa Directors Programme, Ethics in the Public Service.	Law: Human Rights, Governance	International Association of Certified Fraud Examiners Advisory Council, Road Accident Fund, South African Institute for Drug-Free Sport	3 Special Board	3
Prof Mohambry Chetty	Member	7 February 2020	6 February 2023	MBChB, FCFP (SA), MFamMed, MPH (USA) DTM+H, DOH, DHSM, Fellowship of Family Physicians FCFP(SA).	Quality- Standards Setting and Best Practice Initiatives	KZN Doctors Healthcare Coalition, IPA Foundation of SA. and UKUSA Healthcare Consultants	3 Special Board	3

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Term ended	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Ms Ritta Msibi	Member	7 February 2020	6 February 2023	Degree in Nursing Administration and Education, National Higher Diploma as registered nurse in (General, Midwifery, Psychiatry) and Community health, National Diploma unit Management, National Diploma in Primary health care, Advanced University Diploma Health Service Management, The Integrated Management of TB, HIV, &STI, Advanced University Diploma Unit Management.	Labour	None	3 Special Board	3
Mr Anele Yawa	Member	12 February 2023	N/A	Certificate in Occupational Safety, Health and Environment, Certificate in Safety Precautions and Oxy-Acetylene Flame Cutting, Certificate in Operation and Safety Procedure of Portable Pneumatic Grinders, Diploma in School Management.		General Secretary: Treatment Action Campaign; SANAC Civil Society Forum; Eastern Cape Health Crisis Action Coalition.	3 Special Board	3
Ms Palesa Santho	Member	12 February 2023	N/A	B-Pharm; Dip: Business Management.		SAAHIP; SAPC, SANC.	3 Special Board	3
Ms Sizeni Mchunu	Member	12 February 2023	N/A	Masters of Arts Degree (Nursing Education), Hons. Degree in Nursing Science, Bachelor of Arts Degree in Nursing Science (Nursing Administration/ Management and Community Health Nursing), Diploma in General Nursing and Midwifery, Diploma in Advanced Basic Education and Training, Certificate in Community Development	Nursing Education	None	3 Special Board	3

Committees

Table 4:

Below is the list of the attendance of committees for the period 1 April 2022 until 31 March 2023. Committees attended by the **Outgoing Board Members** for the period 01 April 2022 until 06 February 2023.

1. Executive Committee Meetings of the Board

The Executive Committee met **three (03)** times from 01 April 2022 until 06 February 2023.

Committee	No. of meetings held	No. of members	No. of meeting attended	Name of members
Executive Committee	1 Ordinary and 2 Special	5	3	Dr ME Kenoshi (Board Chairperson)
			3	Mr A Montshiwa (Board Vice-Chairperson)
			3	Mr K Hoosain (Chair: ARF Committee)
			3	Dr MC Peenze (Chair: HRREM Committee)
			3	Dr MLB Simelane (Chair: CEC Committee)

2. Certification and Enforcement Committee (CEC)

The **CEC** met four (04) times from 01 April 2022 until 06 February 2023.

Committee	No. of meetings held	No. of members	No. of meeting attended	Name of members
Certification and Enforcement Committee (CEC)	3 Ordinary and 1 Special	6	4	Dr MLB Simelane (Chairperson)
			3	Professor K Mfenyana (Member)
			4	Professor MN Chetty (Member)
			4	Professor U Chikte (Member)
			2	Ms R Msibi (Member)
			3	Dr M Sengwana (Member)

3. Human Resource and Remuneration Committee (HRREM Com)

The **HRREM Com** met **three (03)** times from 01 April 2022 until 06 February 2023.

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

4. Audit, Risk and Finance Committee (ARF Com)

The **ARF Com** met **six (06)** times from 01 April 2022 until 06 February 2023.

Committee	No. of meetings held	No. of members	No. of meeting attended	Name of members
Audit, Risk and Finance Committee (ARF Com)	3 Ordinary and 3 Special	4	4	Mr K Hoosain (Chairperson)
			6	Professor KC Househam (Member)
			6	Dr MC Peenze (Member)
			6	Dr M Sengwana (Member)

Table 5:

Below is the list of Below is the list of the attendance of committees for the period 1 April 2022 until 31 March 2023. Committees attended by the **Current Board Members** for the period 12 February 2023 until 31 March 2023.

1. Executive Committee Meetings of the Board

The Executive Committee met one (01) time from 12 February 2023 until 31 March 2023.

Committee	No. of meetings held	No. of members	No. of meeting attended	Name of members
Executive Committee of the Board	1 Special	5	1	Dr ME Kenoshi (Board Chairperson)
			1	Dr Reno Morar (Board Vice-Chairperson)
			1	Mr Rajesh Mahabeer (Chairperson: ARF Committee)
			1	Prof Usuf Chikte (Chairperson: HRREM Committee)
			1	Prof Lilian Dudley (Chair: CEC Committee)

2. Certification and Enforcement Committee (CEC)

The CEC met one (01) time from 12 February 2023 until 31 March 2023.

Committee	No. of meetings held	No. of members	No. of meeting attended	Name of members
Certification and Enforcement Committee (CEC)	1 Ordinary	6	1	Prof Lilian Dudley (Chairperson)
			1	Prof Mohambry Chetty (Member)
			1	Ms Sizeni Mchunu (Member)
			1	Professor U Chikte (Member)
			1	Mr Anele Yawa (Member)
			1	Ms Palesa Santho (Member)

3. Human Resource and Remuneration Committee (HRREM Com)

The **HRREM Com** met **one (01)** time from 12 February 2023 until 31 March 2023.

Committee	No. of meetings held	No. of members	No. of meeting attended	Name of members
Human Resource and Remuneration Committee (HRREM Com)	1 Ordinary	4	1	Adv/Dr MC Peenze (Member)
			1	Dr Reno Morar (Member)
			1	Ms. R Msibi (Mem-ber)

4. Audit, Risk and Finance Committee (ARF Com)

The **ARF Com** met **two (02)** times from 12 February 2023 until 31 March 2023.

Committee	No. of meetings held	No. of members	No. of meeting attended	Name of members
Audit, Risk and Finance Committee (ARF Com)	1 Ordinary 1 Special	4	2	Mr Rajesh Mahabeer (Chairperson)
			2	Dr MC Peenze (Member)
			2	Mr Anele Yawa (Member)
			2	Dr Reno Morar (Member)

Remuneration of board members

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

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

17. RISK MANAGEMENT

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

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

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

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

Materiality and significance framework

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

Materiality

Taking into account the guidelines in National Treasury's *Practice Note on Applications Under Section 54 of the PFMA by Public Entities*, the OHSC materiality amount was set at R1 391 935 – that is, 1% the total revenue of R139 193 588 in the 2020/21 financial year.

Significance

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

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

18. INTERNAL CONTROL UNIT

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

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

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

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

19. INTERNAL AUDIT AND AUDIT, RISK AND FINANCE COMMITTEE

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

- The internal audit function operates in terms of the internal audit charter adopted by the Board on the recommendation of the ARF Committee. This outlines the scope of the function and defines role, responsibilities and authority. The internal audit function operates under the guidance and support of the ARF Committee. However, the OHSC recognises that internal auditing is an independent, objective activity designed to add value through a systematic approach to evaluating and improving the effectiveness of risk management, control and governance processes.

- The ARF Committee provides assurance to the Board about the internal control environment, governance, risk management and financials, including budgeting, and is responsible for:
- Reviewing the internal audit charter, including the scope of work, audit structure and budget.
- Ensuring effective coordination between internal audit and management, including the monitoring, evaluation and review of significant findings and recommendations by internal audit, management's responses and implementation of remedial action.
- Reviewing the external auditor's proposed annual audit scope, approach and fees to ensure proper coordination between external and internal auditors.
- Reviewing management requests for the provision of non-audit services to ensure these do not impair the independence of the auditors.
- Reviewing the adequacy of the internal control environment, including information and communications technology, security and control.
- Monitoring the implementation of the risk management framework and reviewing significant changes to the risk profile of the OHSC.
- Providing regular feedback to the Board about the adequacy and effectiveness of risk mitigation and management in the OHSC, including recommendations for improvement.
- Appropriately addressing:
 - Financial reporting risks, including the risk of fraud.
 - Internal financial controls.
 - IT risks as they relate to financial reporting.
- Reviewing whether management has considered legal and compliance risks as part of OHSC risk assessments and the effectiveness of the system for monitoring compliance.
- Obtaining reports from management, the internal auditors and external auditors regarding compliance with all applicable legal and regulatory requirements and acting on them.
- Reviewing the entity's compliance with the National Treasury framework for managing programme performance information and reporting systems and acting on them.
- Evaluating the appropriateness of accounting policies and practices and changes to these, as well as compliance with applicable accounting standards and legal requirements.
- Assessing whether the financial statements present a balanced and understandable assessment of the entity's financial position

and performance, and whether they are complete and consistent with prescribed accounting and information known to ARF Committee members.

- Reviewing with management and the external auditors the results of the external audit, including any significant issues identified, and acting on them.

- Reviewing the Annual Report and other regulatory reports before release and considering the accuracy and completeness of the information.
- Reviewing the “going concern” assumptions.

The table below discloses relevant information on the audit committee members

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mr K Hoosain	B Com Honours, CA (SA), Certificate in Forensic Accounting, and MBA	External	NA	7 February 2020	7 November 2022	4
Professor KC Househam	MBChB	External	NA	7 February 2020	6 February 2023	6
Dr M Sengwana	ND: General, Community and Psychiatry, ND: Critical Care Nursing Science, Masters in Public Health, Doctor of Philosophy	External	NA	7 February 2020	6 February 2023	6
Dr Maria Peenze	Doctor Technologiae: Business Administration, Magister Legum: Human Rights, Baccalaureus Legum, Baccalaureus Iuris, Certified Fraud Examiner, Africa Directors Programme, Ethics in the Public Service	External	NA	7 February 2020	Serving 2 nd term	8
Mr Rajesh Mahabeer	CA(SA), FCMA, CGMA, FCA (England & Wales), BFP, FCCA, CIA, FIIRSA, M.Inst.D, SARIPA, INSOL, MBA (Derby), MCom (UKZN), Post Grad Dip Acc (UKZN), N Dip Cost Acc (DUT), PhD (Candidate) (WITS)	External	NA	12 February 2023	current	2
Dr Reno Morar	Public Health Specialist and registered Fellow of the College of Public Health Medicine of South Africa [FCPHM (SA)] Master of Medicine in Community Health [MMed] [With Sub-courses: Diploma in Occupational and Environmental Health (First class pass) and M.Phil. (Epidemiology and Biostatistics)] Post Graduate Diploma in Health Management, Economics and Financial Planning	External	NA	12 February 2023	current	2
Mr A Yawa	Certificate in Occupational Safety, Health and Environment, Certificate in Safety Precautions and Oxy-Acetylene Flame Cutting, Certificate in Operation and Safety Procedure of Portable Pneumatic Grinders, Diploma in School Management.	External	NA	12 February 2023	current	2

20. COMPLIANCE WITH LAWS AND REGULATIONS

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

21. FRAUD AND CORRUPTION

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

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

22. MINIMISING CONFLICT OF INTEREST

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

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

23. CODE OF CONDUCT

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

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

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

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

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

24. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

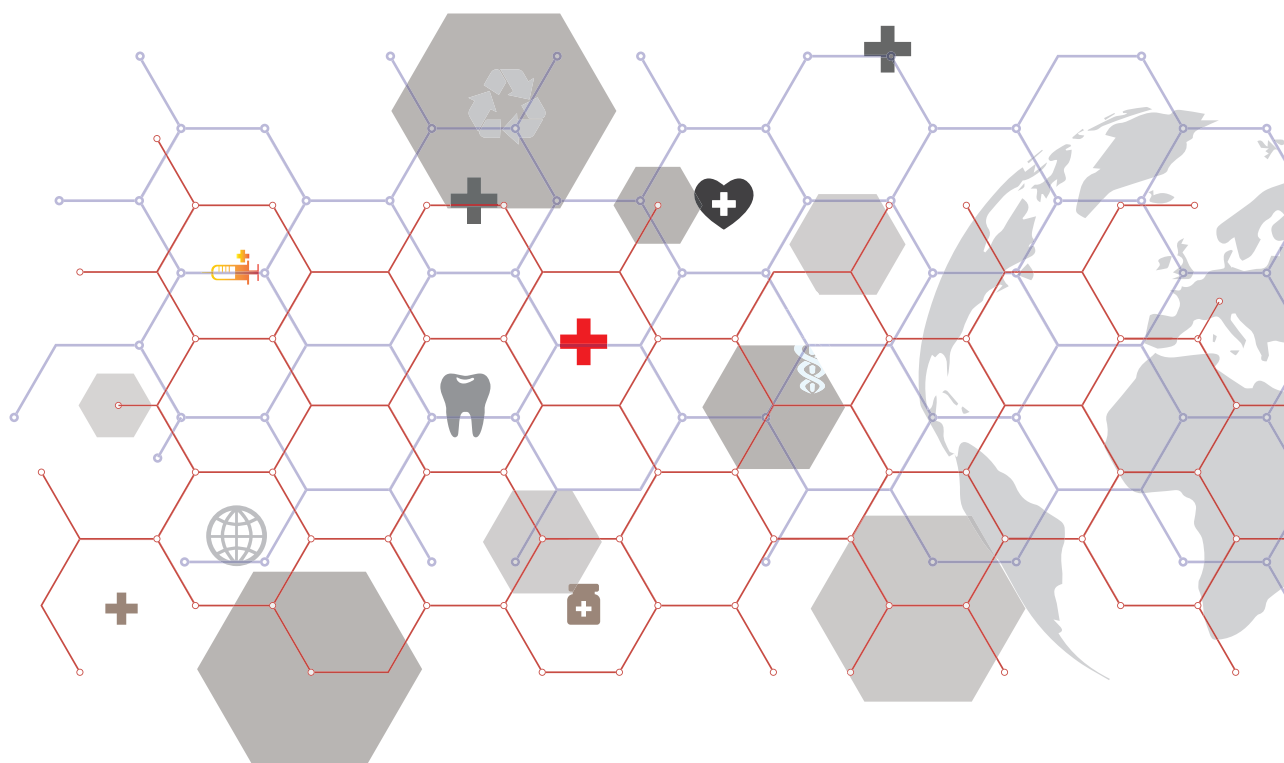
The OHSC has created the required occupational health and safety structures to ensure that work environment is conducive to the health of all staff members. The new health and safety committee comprises representatives of employees and management as well as a union representative. The committee holds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

25. COMPANY /BOARD SECRETARY

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

26. SOCIAL RESPONSIBILITY

There were no activities undertaken in the period under review.



27. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2023.

Audit Committee Responsibility

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

The Effectiveness of Internal Control

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

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

- Audit of performance information
- Compliance Inspectorate review
- Human Resources and Payroll review
- Complaints Management and Ombud review
- Supply Chain Management review
- Health Standard Design, Analysis and Support
- Certification and Enforcement review
- Communication and Stakeholder Relations review
- Governance, Board Secretariat, and Legal Services
- Planning, Monitoring and Evaluation review
- IT General Controls review
- Finance Management review
- Financial Reporting (Review of the Annual Financial Statements)

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

In-Year Management and Monthly/Quarterly Report

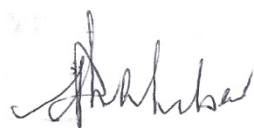
The public entity has submitted monthly and quarterly reports to the Executive Authority, as recommended to the Board by the ARF Committee.

Evaluation of Financial Statements

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

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

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



Mr Rajesh Mahabeer

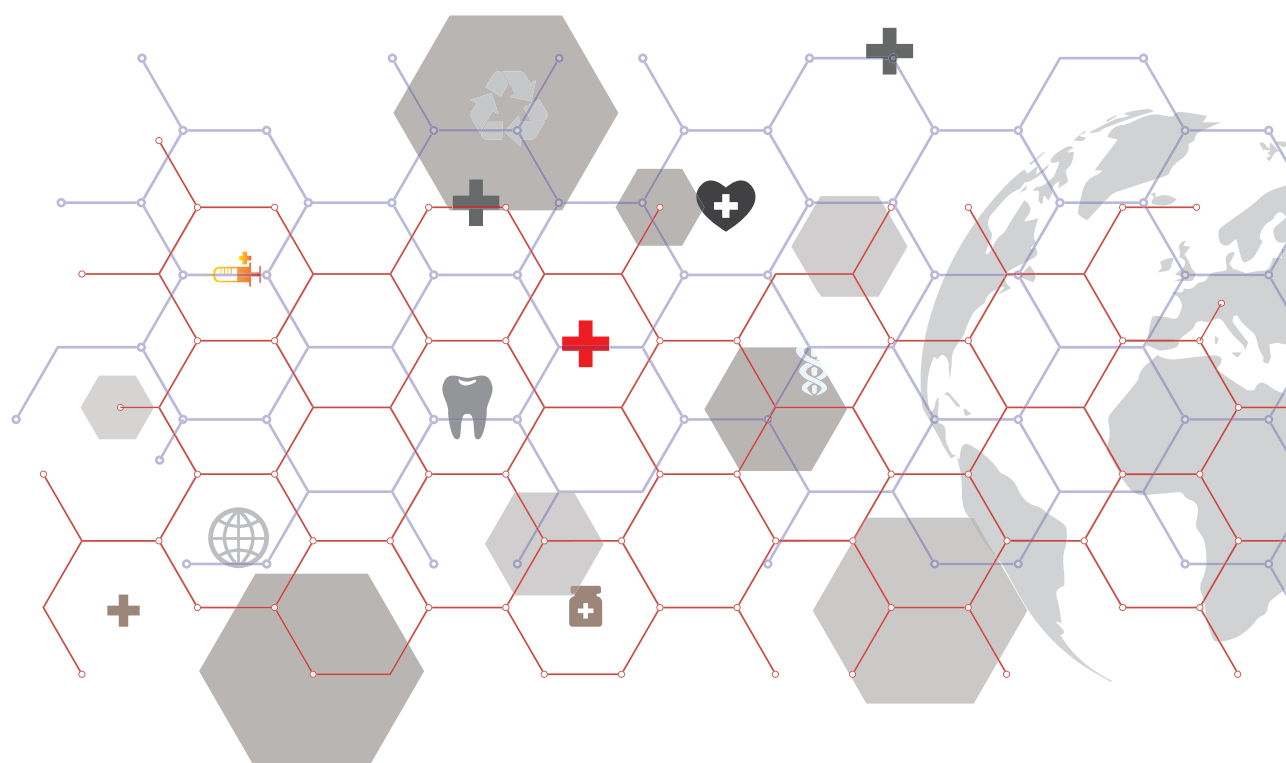
Chairperson of the Audit, Risk and Audit Committee

28. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:

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



HUMAN RESOURCE MANAGEMENT

HUMAN RESOURCE MANAGEMENT

29. INTRODUCTION

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

The Human Resources Management provides an integrated human resources service to enable the OHSC to achieve its strategic priorities by creating a conducive and productive workplace environment. In this regard, for the year under review, a range of programmes were undertaken as set out in the HR priorities below.

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

In order to ensure that the strategic goals of the organisation are realised, a number of human resources programmes were put in place during the financial year under review. These programmes included amongst others: recruitment of staff, employee wellness programme, training and development, review and development of policies, performance management, finalised implementation of the integrated human resources and payroll system. The achievement in respect of these prioritised programmes are outlined as follows:

1.2.1. Recruitment Programme

In the year under review, 129 posts were funded and as at 31 March 2023, a total of 123 positions were filled. This translates to 95.34% of funded posts being filled thereby indicating a significant improvement in the vacancy rate. The target for the vacancy rate was 7% for the reporting period and this target was exceeded as at the end of the financial year. The vacancy rate was 4.65%. This reduction in vacancy rate had a positive impact on the overall operations of the organisation as it ensured that programmes are resourced to achieve their respective targets. In a nutshell, the OHSC managed to attract suitably qualified and experienced staff to fill their vacancies, resulting in an efficient and well-equipped workforce to work towards the strategic goals and objectives of the OHSC. During the year ahead, the OHSC will focus on recruiting persons with disabilities.

1.2.2. Employee Wellness Programme

An Employee Wellness programme was implemented to ensure and take care of the well-being of employees. In order to preserve the confidentiality of employees, the programme is offered through an appointed external service provider. As part of the Employee Wellness Programme, health risk assessments of employees were conducted during the reporting year. Participation in this process was voluntary throughout the reporting period. Quarterly talks on very pertinent topics were held for all employees, as additional assistance in navigating life's challenges.

1.2.3. Training and Development

In the OHSC, for purposes of enhancing the productivity of employees, it is imperative to ensure that employees are capacitated to be able to execute their tasks effectively. To achieve this, a consolidated workplace skills plan was developed and implemented. As a result of this, a significant number of employees attended training programmes. These skills and knowledge development programmes included short courses, seminars and workshops. As at 31 March 2023 of the reporting period, 103 employees participated in skills development programmes as informed by the training needs identified and consolidated in the training plan.

1.2.4. Employee performance management framework

A performance management system is in place to monitor the performance and outputs of individual employees. The essence of this system is to ensure that employees have clarity and focus in performing their respective jobs to enable the organisation to achieve its strategic goals. In this regard, to further improve the effectiveness of the performance management system in place, a revised performance management policy has been developed and is currently in the consultative phase and it is envisaged that it should be implemented during the 2024/25 performance cycle.

1.2.5. Policy Development

For the year under review, the OHSC embarked on a process of development and review of human resources policies that were prioritised. These policies included amongst others, fleet management policy, revised performance management policy, policy on development and review of policies, long service award policy, and policy on reasonable accommodation for persons with disabilities. It is envisaged that all these policies will be implemented in the new financial year, once consultations on all of them have been concluded.

30. CHALLENGES ENCOUN-

31. FUTURE HR PLANS/GOALS

For 2023/24, the OHSC will prioritise:

- The reconfiguration of the organogram to be aligned to the needs of the organisation as per outcome of the reconfiguration workshop held in the year under review. During this workshop, management conducted an assessment of the operations of the organisation including the structure and concluded that there is a need to reconfigure the current structure to take into account the pending implementation of NHI.
- The OHSC will consider other revenue-generation options to augment the current allocated budget. These options will also assist the organisation to have more posts funded on the structure.
- The reviewing of policies that have been identified, to align them with the evolving needs of the organisation.

32. HUMAN RESOURCES OVERSIGHT STATISTICS

32.1 PERSONNEL RELATED EXPENDITURE

Personnel Cost by Programme/ Activity/ Objective

Programme	Total Expenditure for the entity	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee
Administration	76,769,260	30,721,340	16%	35	877,753
Compliance Inspectorate	75,854,104	57,227,259	30%	52	1,100,524
Complaints Management and Office of the Ombud	23,405,178	22,813,364	12%	23	991,885
Health Standards Design, Analysis and Support	13,190,832	13,058,307	7%	11	1,187,119
Certification and Enforcement	2,504,676	2,295,294	1%	2	1,147,647
Total	191,724,050	126,115,564	66%	123	1,025,330

Limited Personnel Budget

The OHSC relies on its human resource to be able to execute its mandate. However, due to budgetary constraints, the OHSC is not able to increase the number of funded permanent posts on the establishment, which would go a long way in addressing the shortage of staff. The knock-on effect of this, is that targets and outputs are negatively impacted and the OHSC's ability to fulfil its mandate impeded. Short-term contract employees have been appointed over the reporting year as a temporary measure, with a view to try and alleviate the pressure being experienced in all units across the organisation. However, this has proved to be unsustainable as naturally employees need job security to be able to focus on their work without having to think of expiry of their contract.

Personnel cost by salary band

Level	Personnel Expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
Top Management	10,851,956	9%	6	1,808,659
Senior Management	14,499,511	11%	12	1,208,293
Professional qualified	29,144,799	23%	27	1,079,437
Skilled	48,772,926	39%	54	903,202
Semi-skilled	22,846,373	18%	24	951,932
Unskilled	-	-	-	-
Total	126,115,564	100%	123	1,025,330

Performance Rewards

Level	Performance rewards	Personnel Expenditure	% of performance rewards to total personnel cost
Top Management	16,574	10,851,956	0.01%
Senior Management	30,214	14,499,511	0.02%
Professional qualified	218,004	29,144,799	0.17%
Skilled	142,933	48,772,926	0.11%
Semi-skilled	84,388	22,846,373	0.07%
Unskilled	-	-	-
TOTAL	492,113	126,115,564	0.4%

Training Costs

Activity	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel Cost	No. of employees trained	Avg training cost per employee
Training expenditure	126,115,564	670,056	0.53%	108	6,204

Employment and Vacancies

Programme/activity/objective	2021/2022	2022/2023			
	No. of Employees	2022/2023 Approved Posts	No. of Employees	2022/2023 Vacancies	% of vacancies
Administration	34	36	35	1	2.77%
Compliance Inspectorate	55	55	52	3	5.45%
Complaints Management and Ombud	20	23	23	0	0%
Health Standards Design, Analysis and Support	11	12	11	1	8.33%
Certification and Enforcement	3	3	2	1	33.3%
Total	123	129	123	6	4.65%

Level	2021/2022		2022/2023		
	No. of Employees	2022/2023 Approved Posts	No. of Employees	2022/2023 Vacancies	% of vacancies
Top Management	6	6	6	-	0%
Senior Management	12	13	12	1	7.6%
Professional qualified	27	27	27	-	0%
Skilled	59	59	54	5	8.47%
Semi-skilled	24	24	24	-	0%
Unskilled	-	-	-	-	-
Total	123	129	123	6	4,65%

Explanations: At the end of the year under review, only one senior management post was vacant. Of the six vacancies as of 31 March 2023, only two had been vacant for more than four months; however the recruitment process for all vacant posts is at an advanced stage, therefore the posts will be filled in the new reporting year.

Employment Changes

Staff turnover rates are unpredictable; however, through a concerted effort to fill posts as quickly as possible, a vacancy rate of 4,65% was achieved as of 31 March 2023. Out of 129 posts, only 6 posts were vacant as at the end of the financial year., meaning that 123 posts were filled at the end of the reporting year. The targeted vacancy rate of 7% was therefore exceeded.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	6	0	0	6
Senior Management	10	4	2	12
Professional qualified	27	1	1	27
Skilled	55	6	7	54
Semi-skilled	22	4	2	24
Unskilled	0	0	0	0
Total	120	15	12	123

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	12	100%
Dismissal	0	0%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	12	100%

Explanations: For the year under review, there were 15 new appointments and 12 terminations as a result of resignations. Employees who resigned did so to pursue career opportunities elsewhere.

Labour Relations: Misconduct and Disciplinary Action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	0
Dismissal	2*
	2

In the year under review, two employees were suspended and following the outcome of disciplinary enquiry, they were dismissed. However, the employees have since referred the matter to Commission for Conciliation, Mediation, and Arbitration (CCMA) as the internal processes have been completed on the matter. It is anticipated that the matter will be processed by the CCMA in the new financial year.

Equity Target and Employment Equity Status

In the year under review, some targets were achieved, and exceeded. In some cases, targets may not have been met due to the unavailability of candidates from specific target groups. The mobility of staff is unpredictable and therefore it cannot be predicted as to which posts will become vacant and which will not, in order to fill them in line with the set targets. In the year ahead, efforts will be made to increase the number of employees with disabilities in order to meet the national target of 3%.

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	2	0	1	0	0	0	0
Senior Management	6	5	0	1	1	1	0	0
Professional qualified	9	8	1	1	0	0	0	1
Skilled	14	14	0	1	0	0	1	1
Semi-skilled	10	7	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	41	36	1	4	1	1	1	2

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	2	0	0	1	1	0	0
Senior Management	3	3	0	1	1	1	1	1
Professional qualified	16	15	0	0	0	1	1	1
Skilled	38	41	1	0	0	1	0	1
Semi-skilled	13	14	0	0	0	0	1	1
Unskilled	0	0	0	0	0	0	0	0
Total	73	75	1	2	2	4	3	4



PART E

PFMA COMPLIANCE REPORT

33. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

33.1. IRREGULAR EXPENDITURE

a) Reconciliation of irregular expenditure

Description	2022/2023	2021/2022
Opening balance	-	-
Add: Irregular expenditure confirmed	-	-
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	-	-

No irregular expenditures were incurred in the current and prior years

Reconciling notes

Description	2022/2023	2021/2022
Irregular expenditure that was under assessment in 2022/23	-	-
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	-	-
Total	-	-

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

Description ²	2022/2023	2021/2022
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Total³	-	-

No irregular expenditures were incurred in the current and prior years

c) Details of current and previous year irregular expenditure condoned

Description	2022/2023	2021/2022
Irregular expenditure condoned	-	-
Total	-	-

No irregular expenditures were incurred in the current and prior years

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

Description	2022/2023	2021/2022
Irregular expenditure NOT condoned and removed	-	-
Total	-	-

No irregular expenditures were incurred in the current and prior years

e) Details of current and previous year irregular expenditure recovered

Description	2022/2023	2021/2022
Irregular expenditure recovered	-	-
Total	-	-

No irregular expenditures were incurred in the current and prior years

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

Description	2022/2023	2021/2022
Irregular expenditure written off	-	-
Total	-	-

No irregular expenditures were incurred in the current and prior years

Additional disclosure relating to Inter-Institutional Arrangements

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

Description
None
Total

No irregular expenditures were incurred in the current and prior year

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

Description	2022/2023	2021/2022
None	-	-
Total	-	-

No irregular expenditures were incurred in the current and prior year

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

Disciplinary steps taken
None

No irregular expenditures were incurred in the current and prior year

33.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2022/2023	2021/2022
Opening balance	13,475	13,475
Add: Fruitless and wasteful expenditure confirmed	76,434	-
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	(5,000)	-
Closing balance	84,909	13,475

The fruitless and wasteful expenditure pertains to overpayment of leave credit. Payment arrangements have been made with concerned former employee.

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

Reconciling notes

Description	2022/2023	2021/2022
Fruitless and wasteful expenditure that was under assessment in 2022/23	-	-
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	76,434	-
Total	76,434	-

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

Description ⁴	2022/2023	2021/2022
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total⁵	-	-

Include discussion here where deemed relevant.

c) Details of current and previous year irregular expenditure recovered

Description	2022/2023	2021/2022
Fruitless and wasteful expenditure recovered	-	-
Total	-	-

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

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

Description	2022/2023	2021/2022
Fruitless and wasteful expenditure written off	-	-
Total	-	-

No fruitless and wasteful expenditures were written off during the year under review.

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

Disciplinary steps taken
None

33.3. Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii)**a) Details of current and previous year material losses through criminal conduct**

Material losses through criminal conduct	2022/2023	2021/2022
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	-	-

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

b) Details of other material losses

Nature of other material losses	2022/2023	2021/2022
None	-	-
Total	-	-

Include discussion here where deemed relevant and criminal or disciplinary steps taken by the institution.

c) Other material losses recovered

Nature of losses	2022/2023	2021/2022
None	-	-
Total	-	-

d) Other material losses written off

Nature of losses	2022/2023	2021/2022
None	-	-
Total	-	-

34. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
Valid invoices received	599	52,241,313
Invoices paid within 30 days or agreed period	598	51,963,105
Invoices paid after 30 days or agreed period	-	-
Invoices older than 30 days or agreed period (<i>unpaid and without dispute</i>)	-	-
Invoices older than 30 days or agreed period (<i>unpaid and in dispute</i>)	1	278,208

Include reasons for the late and or non-payment of invoices, including reasons that the invoices are in dispute, where applicable.

35. SUPPLY CHAIN MANAGEMENT

35.1. PROCUREMENT BY OTHER MEANS

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract
Procurement of Shell Stand for Rand Show 2023.	BHF	Sole provider	OHSCQ59/2022	R 43,700.00
Request to exhibit at the AMCOA conference.	AMCOA	Sole provider	OHSCQ77/2023	R30,000.00
Total				R 73,700.00

35.2. CONTRACT VARIATIONS AND EXPANSIONS

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
Tender for Assets Insurance	Lateral Unison	Extension	OHSC/01/ APRIL/2019	R731,657.00	N/A	R 30,671
Tender for Travel Services	Tourvest Travel	Extension	OHSC/02/ APRIL/2019	N/A	N/A	N/A
Tender for Information System	Health Advance Institute	Extension	OHSC/3/ AUG/2019	R 6,986, 285.00	N/A	R388,127
Total						R 418,798



PART F

Financial Information

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the entity set out on pages 83 to 113, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of Health Standards Compliance as 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act.

Context for opinion

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

Other matter

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

Unaudited irregular expenditure and fruitless and wasteful expenditure

7. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure (UIFW expenditure). Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 29 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Office of the Health Standard Compliance. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees.
8. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA; and for such internal control as the determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

11. 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.

12. 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

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

14. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measures the public entity's performance on its primary mandated functions and that is of significant public interest.

Programme	Page numbers	Purpose
Certification and Enforcement	53	To certify compliant health establishments and take enforcement action against non-compliant health establishments. The programme is required to publish information relating to the certificates of compliance issued and enforcement action taken.

15. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the planning and delivery on its mandate and objectives.

16. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives

- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents

- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

17. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

18. I did not identify any material findings on the reported performance information of the selected material performance indicators.

Report on compliance with legislation

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

Auditor-General
Pretoria

31 July 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

22. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

23. The accounting authority is responsible for the other information. 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 specially reported in this auditor's report.

24. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

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

26. I have received the other information prior to the date of the auditor's report and based on the work I have performed. I have nothing to report in this regard.

Internal control deficiencies

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

28. I did not identify any significant deficiencies in internal controls.

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

- In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made

- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

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

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

37. Compliance with legislation – selected legislative requirements

	Legislation	Sections or regulations
1	Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3)(c); 66(5)
2	Treasury Regulations	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c') Treasury Regulation 33.1.1; 33.1.3
4	Public service regulation	Public service regulation 13(c);18; 18 (1) and (2);
5	Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(l)
8	PPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
9	PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
10	PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
11	PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
12	National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
13	NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c) - (d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
14	NT SCM Instruction 4A of 2016/17	Paragraph 6
15	NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
16	NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
17	NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2 Paragraph 4.1
18	PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
19	Practice Note 5 of 2009/10	Paragraph 3.3
20	PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Par. 4.3.2; 4.3.3
22	NT instruction note 4 of 2015/16	Paragraph 3.4
23	Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
24	Erratum NTI 5 of 202/21	Paragraph 1

	Legislation	Sections or regulations
25	Erratum NTI 5 of 202/21	Paragraph 2
26	Practice note 7 of 2009/10	Paragraph 4.1.2
27	Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
28	NT instruction note 1 of 2021/22	Paragraph 4.1

38. Annual Financial Statements

Index

The reports and statements set out below comprise the annual financial statements presented to the parliament:

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Accounting Authority's Responsibilities and Approval

Annual Financial Statements for the year ended 31 March 2023

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

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

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

The Accounting Authority have reviewed the entity's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the Accounting Authority on 27 July 2023 and were signed on its behalf by:



Prof Lilian Dudley

Acting Chief Executive Officer



Dr. E Kenoshi

Chairperson of the Board

Accounting Authority's Report

Annual Financial Statements for the year ended 31 March 2023

1. Incorporation

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

2. Review of activities

Main business and operations

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

The net deficit of the entity was 2023: R26,365,302 (2022 surplus: R11,044,523). The deficit was funded from the prior years' accumulated surpluses of R53.6 million as approved by National Treasury.

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 2023, the entity had accumulated surplus of R40,403,557 and that the entity's total assets exceed its liabilities by R40,403,557. The surplus arose largely due to interest revenue generated and commitments that straddle financial years.

4. Subsequent events

The entity revaluation process was concluded after reporting period. The motor vehicles were sitting at carrying amount of zero at the end of reporting period. The motor vehicles were revalued at R1,000,000 after reporting date. This is therefore an adjusting events.

5. Accounting policies

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

Statement of Financial Position as at 31 March 2023

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	Note(s)	2023	2022
Assets			
Current Assets			
Operating lease asset	8	925,117	-
Receivables from exchange transactions	3	2,484,757	1,248,146
Receivables from non-exchange transactions	4	158,134	214,990
Cash and cash equivalents	5	45,650,011	64,528,400
		49,218,019	65,991,536
Non-Current Assets			
Property, plant and equipment	6	9,749,811	9,779,463
Intangible assets	7	1,034,590	2,373,715
		10,784,401	12,153,178
Total Assets		60,002,420	78,144,714
Liabilities			
Current Liabilities			
Operating lease liability	8	-	317,952
Payables from exchange transactions	9	12,418,979	6,452,833
Provisions	10	7,179,884	5,605,070
		19,598,863	12,375,855
Total Liabilities		19,598,863	12,375,855
Net Assets		40,403,557	65,768,859
Accumulated surplus		40,403,557	65,768,859
Total Net Assets		40,403,557	65,768,859

Statement of Financial Performance

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	Note(s)	2023	2022
Revenue			
Revenue from exchange transactions			
Interest received - investment	11	3,337,193	2,034,038
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	12	157,509,000	157,997,172
Other income	13	1,456	43,162
Total revenue from non-exchange transactions		157,510,456	158,040,334
Total revenue	14	160,847,649	160,074,372
Expenditure			
Board fees and related costs	15	(2,345,425)	(1,082,252)
Compensation of employees	16	(126,115,564)	(100,254,886)
Depreciation and amortisation	17	(6,789,203)	(6,893,015)
Operating expenses	18	(51,962,759)	(40,799,696)
Total expenditure		(187,212,951)	(149,029,849)
(Deficit) surplus for the year		(26,365,302)	11,044,523

Statement of Changes in Net Assets

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand

	Accumulated surplus	Total net assets
Balance at 01 April 2021	54,724,336	54,724,336
Surplus for the year	11,044,523	11,044,523
Total changes	11,044,523	11,044,523
Balance at 01 April 2022	65,768,859	65,768,859
Revaluation surplus	1,000,000	1,000,000
Net surplus recognised directly in net assets	1,000,000	1,000,000
Deficit for the year	(26,365,302)	(26,365,302)
Total recognised income and expenses for the year	(25,365,302)	(25,365,302)
Total changes	(25,365,302)	(25,365,302)
Balance at 31 March 2023	40,403,557	40,403,557

Cash Flow Statement

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Grants		157,509,000	157,997,172
Interest income		3,337,193	2,034,038
Other income		1,456	43,162
		160,847,649	160,074,372
Payments			
Compensation of employees		(126,115,564)	(100,254,886)
Suppliers		(46,753,950)	(41,723,450)
Board payments		(2,345,425)	(1,082,252)
		(175,214,939)	(143,060,588)
Net cash flows from operating activities	21	(14,367,290)	17,013,784
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(2,484,232)	(1,687,165)
Purchase of other intangible assets	7	(2,026,867)	(1,814,767)
Net cash flows from investing activities		(4,511,099)	(3,501,932)
Net increase/(decrease) in cash and cash equivalents		(18,878,389)	13,511,852
Cash and cash equivalents at the beginning of the year		64,528,400	51,016,548
Cash and cash equivalents at the end of the year	5	45,650,011	64,528,400

Statement of Comparison of Budget and Actual Amounts

Annual Financial Statements for the year ended 31 March 2023

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						
Interest received - investment	-	-	-	3,337,193	3,337,193	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	157,509,000	-	157,509,000	157,509,000	-	
Other income	-	-	-	1,456	1,456	
Total revenue from non-exchange transactions	157,509,000	-	157,509,000	157,510,456	1,456	
Total revenue	157,509,000	-	157,509,000	160,847,649	3,338,649	
Expenditure						
Compensation of employees	(98,788,864)	-	(98,788,864)	(126,115,564)	(27,326,700)	31.1
Board fees and related	(1,344,579)	-	(1,344,579)	(2,345,425)	(1,000,846)	31.2
Depreciation and amortisation	-	-	-	(6,789,203)	(6,789,203)	
Operating expenses	(50,248,633)	-	(50,248,633)	(51,962,759)	(1,714,126)	31.3
Total expenditure	(150,382,076)	-	(150,382,076)	(187,212,951)	(36,830,875)	
Surplus	7,126,924	-	7,126,924	(26,365,302)	(33,492,226)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	7,126,924	-	7,126,924	(26,365,302)	(33,492,226)	

Statement of Comparison of Budget and Actual Amounts

Annual Financial Statements for the year ended 31 March 2023

Budget on Cash Basis

Figures in Rand

Assets

Current Assets

Operating lease asset	-	-	-	925,117	925,117
Receivables from exchange transactions	-	-	-	2,484,757	2,484,757
Receivables from non-exchange transactions	-	-	-	158,134	158,134
Cash and cash equivalents	-	-	-	45,650,011	45,650,011
	-	-	-	49,218,019	49,218,019

Non-Current Assets

Property, plant and equipment	850,000	-	850,000	9,749,811	8,899,811
Intangible assets	6,276,924	-	6,276,924	1,034,590	(5,242,334)

	7,126,924	-	7,126,924	10,784,401	3,657,477
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Total Assets

	7,126,924	-	7,126,924	60,002,420	52,875,496
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Liabilities

Current Liabilities

Payables from exchange transactions	-	-	-	12,418,979	12,418,979
Provisions	-	-	-	7,179,884	7,179,884

	-	-	-	19,598,863	19,598,863
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Total Liabilities

	-	-	-	19,598,863	19,598,863
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Net Assets

	7,126,924	-	7,126,924	40,403,557	33,276,633
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Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated surplus	7,126,924	-	7,126,924	40,403,557	33,276,633
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Statement of Financial Position

Annual Financial Statements for the year ended 31 March 2023

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.

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 period.

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

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

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

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

1.4 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. The use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. However, no material differences are envisaged.

Impairment testing

The recoverable amounts of 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 assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of property, plant and equipment and tangible assets.

Provisions

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

Effective interest rate

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

Depreciation and amortisation

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

1.5 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, its 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.

Accounting Policies

Annual Financial Statements for the year ended 31 March 2023

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	10 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	5 years
IT equipment	Straight-line	4-5 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.

Accounting Policies

Annual Financial Statements for the year ended 31 March 2023

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

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

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

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

Intangible assets are derecognised:

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

1.7 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.

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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 receivable

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

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;

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Annual Financial Statements for the year ended 31 March 2023

- 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

Tax expenses

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

1.9 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.

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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 fall due.

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

1.11 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 surplus (deficit).

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

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

1.12 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 it 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 rebates and discounts.

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

Interest received

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

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

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

1.14 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 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.

1.17 Irregular expenditure

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

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

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

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

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

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

1.18 Budget information

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

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

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

The approved budget covers the fiscal period from 01/04/2022 to 31/03/2023.

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

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

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

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

1.19 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.

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

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

1.20 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.

1.21 Segment reporting

A segment is an activity of an entity:

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

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

1.22 Comparative figures

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

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Annual Financial Statements for the year ended 31 March 2023

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2. New standards and interpretations

2.1 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	Not yet effective	Not expected to impact results but may result in additional disclosure
• GRAP 103 – Heritage Assets	Not yet effective	The impact of the standard is not material.
• GRAP 1 – Presentation on financial statements	Not yet effective	The impact of the standard is not material.

3. Receivables from exchange transactions

Prepaid expenses	2,484,757	1,248,146
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4. Receivables from non-exchange transactions

Sundry debtors	158,134	214,990
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5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4,000	4,000
Bank balances	14,175,597	9,391,179
Short-term deposits	31,470,414	55,133,221
	45,650,011	64,528,400

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Annual Financial Statements for the year ended 31 March 2023

Figures in Rand

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6. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Office equipment	3,200,751	(2,738,011)	462,740	3,149,003	(2,542,253)	606,750
Furniture and fixtures	6,290,813	(3,119,447)	3,171,366	6,313,575	(2,525,104)	3,788,471
Motor vehicles	1,000,000	-	1,000,000	1,537,148	(1,373,934)	163,214
IT equipment	12,999,706	(8,127,537)	4,872,169	12,196,646	(7,443,956)	4,752,690
Leasehold improvements	1,102,255	(858,719)	243,536	1,102,255	(633,917)	468,338
Total	24,593,525	(14,843,714)	9,749,811	24,298,627	(14,519,164)	9,779,463

Reconciliation of property, plant and equipment - 2023

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

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Office equipment	944,387	19,180	-	(356,817)	606,750
Furniture and fixtures	4,378,632	22,032	-	(612,193)	3,788,471
Motor vehicles	448,771	-	-	(285,557)	163,214
IT equipment	5,027,025	1,645,953	(23,129)	(1,897,159)	4,752,690
Leasehold improvements	693,141	-	-	(224,803)	468,338
	11,491,956	1,687,165	(23,129)	(3,376,529)	9,779,463

Notes to the Annual Financial Statements

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Figures in Rand

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7. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	9,107,276	(8,072,686)	1,034,590	16,522,949	(14,149,234)	2,373,715

Reconciliation of intangible assets - 2023

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

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software, other	4,075,435	1,814,767	(3,516,487)	2,373,715

8. Operating lease liabilities/Assets

Current assets	925,117	-
Current liabilities	-	317,952
	925,117	317,952

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

9. Payables from exchange transactions

Trade payables	3,077,803	2,898,052
Accrued expenses	9,341,176	3,554,781
	12,418,979	6,452,833

10. Provisions

Reconciliation of provisions - 2023

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

Reconciliation of provisions - 2022

	Opening Balance	Utilised during the year	Total
Provision for performance bonuses	1,387,696	(1,387,696)	-
Provision for leave	5,914,334	(309,264)	5,605,070
	7,302,030	(1,696,960)	5,605,070

11. Investment revenue

Interest revenue

Bank	3,337,193	2,034,038
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Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	2023	2022
Interest from call investment account.		
12. Government grants and subsidie		
Operating grants		
Government grant	157,509,000	157,997,172
13. Other income		
Insurance proceeds	-	43,162
Administration fees	1,456	-
	1,456	43,162
14. Revenue		
Interest received - investment	3,337,193	2,034,038
Government grants & subsidies	157,509,000	157,997,172
Other income	1,456	43,162
	160,847,649	160,074,372
The amount included in revenue arising from exchanges of goods or services are as follows:		
Interest received - investment	3,337,193	2,034,038
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	157,509,000	157,997,172
Other income	1,456	43,162
	157,510,456	158,040,334
15. Board fees and related expenses		
Board fees and reimbursements	1,652,354	717,869
Other expenditures	693,071	364,383
	2,345,425	1,082,252
16. Employee related costs		
Basic salary	90,337,453	71,926,056
Service and performance bonus	5,427,157	4,366,418
Medical aid - company contributions	3,605,260	3,183,087
Unemployment Insurance Fund	351,003	204,703
Compensation fund	159,449	147,612
Leave paid and provided for	3,359,886	238,412
Pension-employer contribution	8,908,418	8,553,661
Long-service awards	55,600	38,200
Other non-pensionable allowances	12,948,887	11,081,149
Bargaining council	-	3,398
Inconvenience allowance	962,451	512,190
	126,115,564	100,254,886

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	2023	2022
17. Depreciation and amortisation		
Property, plant and equipment	3,423,211	3,376,528
Intangible assets	3,365,992	3,516,487
	6,789,203	6,893,015
18. Operating expenses		
Advertising	777,729	592,576
Audit cost (refer to note 19)	1,323,595	1,418,445
Bank charges	156,451	91,535
Cleaning services	617,804	700,951
Consulting and professional fees	1,617,336	1,626,408
Consumables	387,234	1,105,741
Legal fees	922,883	865,970
Insurance	569,422	197,374
IT maintenance and support	3,201,493	3,611,966
Marketing and publication	294,604	498,344
Motor vehicle expenses	185,230	131,425
Staff relocation	81,535	23,729
Postage and courier	6,328	17,883
Printing and stationery	1,170,040	526,528
Security expense	920,292	865,105
Subscriptions and membership fees	169,803	169,691
Telephone and fax	1,737,902	2,002,457
Training and skills development	670,056	1,040,566
Travel, subsistence and accommodation(refer to note 20)	20,644,290	9,723,354
Water,electricity,rates and taxes	3,422,767	3,028,101
Repairs and maintenance	665,984	884,717
Catering services	154,712	53,357
Operating lease costs	11,462,039	11,498,162
Loss on asset written-off	90,673	23,130
Venue and facilities	712,557	102,181
	51,962,759	40,799,696

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	2023	2022
19. Audit cost		
External audit	771,841	826,200
Internal audit	551,754	592,245
	1,323,595	1,418,445
20. Travel, subsistence and accommodation		
Travel	11,747,392	19,637
Accommodation	6,070,217	9,100,628
Subsistence	2,826,681	603,089
	20,644,290	9,723,354
21. Cash (used in) generated from operations		
(Deficit) surplus	(26,365,302)	11,044,523
Adjustments for:		
Depreciation and amortisation	6,789,203	6,893,015
Movements in operating lease assets and accruals	(1,243,069)	(309,453)
Movements in provisions	1,574,814	(1,696,960)
Loss on asset written-off	90,673	23,129
Changes in working capital:		
Receivables from exchange transactions	(1,236,611)	(117,793)
Other receivables from non-exchange transactions	56,856	(199,290)
Payables from exchange transactions	5,966,146	1,376,613
	(14,367,290)	17,013,784

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	2023	2022
22. Financial instruments disclosure		
Categories of financial instruments		
2023		
Financial assets		
	At amortised cost	Total
Other receivables from non-exchange transactions	158,134	158,134
Cash and cash equivalents	45,650,011	45,650,011
	45,808,145	45,808,145
Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transactions	12,418,977	12,418,977
2022		
Financial assets		
	At amortised cost	Total
Other receivables from non-exchange transactions	214,990	214,990
Cash and cash equivalents	64,528,400	64,528,400
	64,743,390	64,743,390
Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transactions	6,452,833	6,452,833
23. Commitments		
Capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	-	1,982,756
• Intangible assets	148,659	55,718
	148,659	2,038,474
Total capital commitments		
Already contracted for but not provided for	148,659	2,038,474
The above capital commitments were made by year end, but the services will only be rendered after the end of the financial year.		
Operating leases liabilities - Office Space		
Minimum lease payments due		
- within one year	6,627,102	11,360,747
- in second to fifth year inclusive	-	6,627,102
	6,627,102	17,987,849
Annual escalation rate	8%	

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

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	2023	2022
Operating leases liabilities- Photocopying machine		
Minimum lease payments due		
- within one year	3,368	78,857

24. Contingencies

There are no contingent liabilities which the OHSC is aware of.

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Annual Financial Statements for the year ended 31 March 2023

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25. Related parties

Controlling entity

National Department of Health

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

Related party transactions

Grant Received

National Department of Health

157,509,000

157,997,172

Remuneration of management: Non-Executive Members

2023

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

* The Board members reappointed on 22 Febraury 2023.

**The terms of Board members expired on 06 February 2023.

*** The new Board members were appointed on 22 February 2023 for a period of 3 years.

**** The Board member resigned on 07 November 2022.

2022

	Board Fees	Reimbursement	Total
Dr. ME Kenoshi (Chairperson of the Board)	75,757	-	75,757
Ms. O.A Montshiwa (Vice Chairperson of the Board)	11,816	387	12,203
Dr. L Simelane	90,100	-	90,100
Dr. M Peenze	133,107	-	133,107
Prof. K Househam	92,690	-	92,690
Prof. K Mfenyana	87,132	-	87,132
Mr. A Hoosain	65,327	-	65,327
Prof. M Chetty	62,426	-	62,426
Prof. U Chikte	99,127	-	99,127
	717,482	387	717,869

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Remuneration of management: Executive Members

2023

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

*The Chief Operations Officer was appointed on 01 March 2023.

2022

Name	Basic Salary	Pension Fund	Non-pensionable allowances and other payments	Service and performance bonus	Reimbursement	Total
Dr. S Mndaweni (Chief Executive Officer)	1,386,699	183,164	665,553	10,203	674	2,246,293
Prof. M Makgoba (Ombud)	1,562,124	-	721,944	-	1,356	2,285,424
Mr. J Mapatha (Chief Financial Officer)	944,707	124,498	239,382	85,579	-	1,394,166
Ms. W Moleko (Executive Manager: HSDAS)	903,441	119,060	281,128	31,712	-	1,335,341
Ms. D Tsukudu - (Executive Manager: Compliance Inspectorate)	933,017	122,944	313,715	-	2,708	1,372,384
Dr. D Jacobs (Executive Manager: Complaints Management)	1,048,478	138,174	352,084	-	-	1,538,736
	6,778,466	687,840	2,573,806	127,494	4,738	10,172,344

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26. Risk management

Financial risk management

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

Liquidity risk

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

As at 31 March 2023

	Less than 1 Year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Current Liabilities	19,598,863	-	-	-

As at 31 March 2022

	Less than 1 Year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Current Liabilities	12,375,855	-	-	-

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 counterparty.

Market risk

Interest rate risk

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

27. Going concern

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

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

28. Events after the reporting date

The entity revaluation process was concluded after reporting period. The motor vehicles were sitting at carrying amount of zero at the end of reporting period. The motor vehicles were revalued at R1,000,000 after reporting date. This is therefore an adjusting events.

29. Irregular expenditure and fruitless and wasteful expenditure

Irregular expenditure	-	-
Fruitless expenditure	76,434	13,475
Total	76,434	13,475

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The fruitless and wasteful expenditure pertains to overpayment of leave credit. Payment arrangements have been made with concerned former employee.

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

30. Reconciliation between budget and statement of financial performance

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

Net (deficit) surplus per the statement of financial performance	(26,365,302)	11,044,523
Adjusted for:		
(Over)/under collection	(3,338,649)	(8,185,372)
Over/(under) budget expenditure	36,830,875	(419,774)
Net surplus per approved budget	7,126,924	2,439,377

31. Budget differences

Material differences between budget and actual amounts

31.1 Compensation of employees

- The OHSC implements salary increases as per the schedules issued by the Department of Public Service and Administration. The salary increases were not budgeted for. However, they were accommodated through the surplus retained.
- In addition the compensation of employees included other employees on short-term contract. This compensation was accommodated through the surplus retained from the 2021/22 financial year.

31.2 Board fees and related costs

- All restrictions with regard to COVID-19 were lifted in 2022, and the Board commenced with physical meetings. In addition, there more Board meetings during the financial year.

31.3 Operating expenses

- The travel, subsistence and accommodation were high due to increased number of personnel undertaking inspections, high fuel prices resulting in higher cost of flights, car hire, shuttle services and accommodation. In addition, more health establishments were inspected in 2022/23 than in 2021/22. The cost of printing and stationary were high due to employee working fulltime at the office.
- Furthermore, with COVID-19 restrictions removed, the meetings are now physical leading to an increase in demand for venue and related facilities.

32. Segment information

Identification of segments

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

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

33. Impact of COVID-19

During the year under review, all restrictions pertaining to the COVID-19 pandemic were removed. This led to the OHSC resuming its operations fully, resulting in more health establishments being inspected.

In addition, some of the stakeholder engagements such as consultations on inspection tools were also held physically.

As a result of the lifting of travel restrictions, expenditure for travel, subsistence and accommodation increased when compared to that of the prior year.

34. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section B-BBEE Compliance Performance Information.

35. Changes in accounting policy

At the end of 31 March 2023, the entity changed its accounting policy for motor vehicles from the cost model to the revaluation model. Management takes the view that this policy provides more reliable and relevant information because it is based on up-to-date values. The policy has been applied prospectively from the end of 31 March 2023, as it was not practicable to estimate the effects of applying the policy either retrospectively or prospectively from any earlier date.

The adoption of the new policy has no effect on prior periods. The effect on the current period is to increase the carrying amount of property, plant and equipment at the end of the period by R1,000,000 and to create a revaluation reserve at the end of the period of R1,000,000.

Statement of financial position

Property, plant and equipment: Motor vehicles

Previously stated

Adjustment

1,537,148

-

(537,148)

-

1,000,000

-

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ISBN: 978-0-621-51312-7

Telephone: 012 942 7700

E-Mail Address: communications@ohsc.org.za

Physical Address: Office of Health Standards Compliance
79 Steve Biko Road Prinshof
Pretoria

Postal Address: Private Bag X21
Arcadia, 0007

Website: www.ohsc.org.za