

A dense pattern of various medical and healthcare icons in grey, including a microscope, ambulance, heart, pills, stethoscope, and hospital building, set against a light grey background.

2021/22 ANNUAL REPORT

Of the Office of Health Standards Compliance



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



OFFICE OF HEALTH STANDARDS COMPLIANCE

ANNUAL REPORT

2021/22 FINANCIAL YEAR

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PART A

GENERAL INFORMATION



1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME**PHYSICAL ADDRESS****POSTAL ADDRESS****TELEPHONE NUMBER****WEBSITE ADDRESS****EXTERNAL AUDITORS****BANKERS:****CHAIRPERSON OF BOARD****CHIEF EXECUTIVE OFFICER****COMPANY/ BOARD SECRETARY**

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Standard Bank

Dr E Kenoshi

Dr S Mndaweni

Mrs 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
CEO	Chief Executive Officer
CFO	Chief Financial Officer
EWS	Early warning system
GCIS	Government Communication and Information System
ICT	Information And Communication Technology
m (preceded by number)	Million
MEC	Member of the Executive Council
MTEF	Medium-Term Expenditure 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
OHSC	Office of Health Standards Compliance
OHO	Office of the Health Ombud
PAIA	Promotion of Access to Information Act
PFMA	Public Finance Management Act
PHC	Primary healthcare
POPIA	Protection of Personal Information Act
PPPFA	Preferential Procurement Policy Framework Act
SDGs	Sustainable Development Goals
SMMEs	Small, Medium and Micro Enterprises
TR	Treasury Regulations

3. FOREWORD BY THE CHAIRPERSON

The term of office of the current Board of Office of Health Standards Compliance (OHSC) commenced on 7 February 2020 and will end on 6 February 2023. There were no resignations, outgoing members, or new appointments during the year under review.

The COVID-19 pandemic had increased demand for OHSC's functions and activities. The COVID-19 pandemic has, to some extent, magnified pre-existing weaknesses in our healthcare system and exacerbated some of them. Efficient and equitable allocation and utilisation of limited healthcare resources has thus become more critical now than ever before.

The Board continued to provide strategic leadership and oversight to management in fulfilling its regulatory role despite the challenges faced by the organisation. The notable role by the Board, included the process of finalisation of the OHSC and Office of the Health Ombud (OHO) Bills, which would separate the OHO from the OHSC once the process is finalised.

The other responsibility overseen by the Board is conclusion of a separate OHSC Bill to remove the functions of the OHSC from chapter 10 of the National Health Act, 2003. It is encouraging that the OHSC and Ombud Bills have been added to the legislative programme for 2022.

The Board protects the financial position of the OHSC by ensuring there is strict adherence to the Public Finance Management Act (PFMA) and Treasury Regulations. Substantial strategic input and guidance have been provided on the OHSC's Compliance Framework, which was finalised in 2021/22 financial year.

The OHSC started the process of conducting re-inspections during 2021/22 period. In addition, the first certificates of compliance related to inspections conducted in the public health sector were awarded in 2020. It is concerning to the OHSC that the majority of health establishments inspected in the public sector health establishments during 2019/20 and 2021/22 financial years, had not achieved compliant status and were not eligible for certification.



It is important to note that the Auditor-General has given the OHSC an unqualified audit report for 2021/22 financial year. The achievement of an unqualified audit report is a critical element in building public confidence in the OHSC and its ability to perform its functions in an ethical and effective manner.

As the OHSC's executive authority, the Board would like to thank the Minister of Health, for sustaining his support and guidance to the OHSC during 2021/22 financial year. The Board 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.

Dr Ernest Kenoshi

**Chairperson of the Board
Office of Health Standards Compliance**

Date: 28/07/2022

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

As a regulatory body of healthcare establishments in South Africa, the OHSC is applying standards for the improvement of quality of healthcare. The standards for quality improvement are in line with OHSC's mandate for ensuring consistent, safe, and quality healthcare for all in both the public and private health sector.

The 2021/22 financial year marks the second year of implementation of the OHSC's Strategic Plan for the period 2020/21 to 2024/25. In line with its strategic mandate, the OHSC continued to conduct compliance inspections, investigate complaints, enforce compliance as well as to certify health establishments found compliant with the norms and standards regulations.

The process of conducting re-inspections started during the course of 2021/22 financial year. The overall number of public sector health establishments inspected for compliance with the norms and standards regulations was 544, exceeding the 2021/22 target of 299. Since the 2019/20 financial year, the OHSC has inspected a total of 1578 (42%) out of 3 741 of all public sector health establishments.

The OHSC started the process of implementing its certification and enforcement framework in May 2020. As at the end of the 2021/22 financial year, 189 public sector health clinics and community health centres were issued with certificates of compliance.

Consultative workshops were conducted with representatives from the private sector groups to orientate them on the private hospital inspection tools prior to the inspection of the private sector health establishments to ensure common understanding of the requirements of the regulations.

In relation to development of inspection tools, the OHSC adopted an incremental approach in developing inspection tools from the norms and standards. The OHSC prioritises engagement of relevant stakeholders during the development phase of the inspection tools. Currently, engagement with private sector hospitals has been concluded.



In 2019, the OHSC had finalised inspection tool for primary healthcare clinics in the public sector. The inspection tool for community health centres were finalised in 2022. The inspection tools for public hospitals in the category of district, and regional hospital inspections commenced during 2022. Pilot inspections in private hospital were conducted during 2022. The General Practitioners'(GPs) practice tool has been aligned to the promulgated norms and standards. The Unity Forum for Family Practitioners (UFPF) have been engaged to solicit inputs on the general practice tool and the process is ongoing. The consultative workshops for GPs will resume once the inputs from the UFPF have been incorporated and draft 3 of the practice tool is available.

The regulatory private acute hospital inspection tool was completed in 2022. The training workshops were conducted in preparation for implementation. The regulatory central hospital inspection tool was finalised, while review, and incorporation of stakeholder feedback is ongoing in preparation for national workshop to formally adopt the inspection tool. The regulatory provincial tertiary hospital inspection tool was completed. Review, and incorporation of stakeholder feedback is ongoing in preparation for national workshop to formally adopt the

inspection tool. Emergency medical services (EMS) norms and standards have been developed and published by the National Department of Health for comments.

More concerted efforts were made in relation to the Complaints Management and Office of the Health Ombud to prioritise medium-to high-risk complaints. A total of 2 756 out of 3 317 (83.09%) low risk complaints received from the public were resolved within the turn-around times set in the Annual Performance Plan. The clearance of medium-to high-risk complaints backlog remained a priority, and as of 31 March 2022, the backlog was cleared by 94% (105 out of 112).

The OHSC is required to monitor indicators of risk as part of its early warning system (EWS) to identify serious breaches to norms and standards. EWS based recommendations for improvement in the public healthcare sector were made to eight provincial health authorities during 2021/22 financial year.

Recommendations for improvement in the healthcare sector based on the analysis of the annual returns were made to nine provincial health authorities. A total of 26 guidance workshops were conducted during the 2021/22 financial year, exceeding the set target of 24.

A total of 32 community stakeholder engagements to raise public awareness on the role and powers of the OHSC were conducted to share information with the public about the work of the OHSC, exceeding the set target of 12.

A campaign to raise public awareness of the role and powers of OHSC was conducted with communities on 80 community radio stations hosted by the Government Communication and Information System (GCIS) across the country.

For the year under review, the total actual revenue for the OHSC amounted to R160 million, against the budgeted revenue of R151 million. The additional revenue, representing 8% of the original budget, arose largely from interest revenue on investment as well as additional allocation from the national fiscus to support the inspection work of the OHSC.

Recommendations for improvement in the healthcare sector based on the analysis of the annual returns were made to nine provincial health authorities. A total of 26 guidance workshops were conducted during the 2021/22 financial year, exceeding the set target of 24.

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. With the gradual relaxation of COVID-19 restrictions and steady return to normal activities, the OHSC expenditure rose to R152 million, which is almost at par with pre-COVID-19 expenditure pattern. Due to the nature of its work, a large portion of the OHSC's expenditure is driven by compensation of employees, which represents two thirds (66%) of total expenditure. This is followed by travel expenditure related largely to the work of inspectors, as well as rental of office premises.

In conclusion, I would like to thank the Chairperson and members of the Board for providing guidance and support to the management and staff members. I would also like to express my appreciation to the management team and staff members of the OHSC who always perform their functions with enthusiasm despite many challenges. I would also like to thank all staff and management in all health establishments for their hard work in the provision of services.



Dr Sipiwe Mndaweni

**Chief Executive Officer
Office of Health Standards Compliance**

Date: 28/07/2022

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

To the best of my knowledge and belief, I confirm the following:

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

The annual report is complete, accurate and is 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 E) have been prepared in accordance with the Public Finance Management Act (No.1 of 1999, as amended) (PFMA) and relevant accounting standards applicable to the public entity.



Chief Executive Officer
Dr Sipiwe Mndaweni

Date: 28/07/2022

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 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 2022.



Chairperson of the Board
Dr Ernest Kenoshi

Date: 28/07/2022

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's mandate derives 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

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 South African 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 a 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.

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 object 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.

NORMS AND STANDARDS APPLICABLE TO DIFFERENT CATEGORIES OF HEALTH ESTABLISHMENTS

The Minister of Health promulgated the norms and standards regulations 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.

PROCEDURAL REGULATIONS PERTAINING TO THE FUNCTIONING OF THE OFFICE OF HEALTH STANDARDS COMPLIANCE AND HANDLING OF COMPLAINTS BY THE OMBUD

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

The regulations cover the following areas:

- Collection of information from 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).

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.

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).

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.

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.

DISASTER MANAGEMENT ACT, 2002 (ACT 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.

PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000 (ACT NO. 05 OF 2000)

The Preferential Procurement Policy Framework Act, 2000 (Act No. 05 of 2000) (PPFPA) 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.

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.

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.

INTERGOVERNMENTAL RELATIONS FRAMEWORK ACT, 2005 (ACT NO.13 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.

NATIONAL HEALTH INSURANCE PROGRAMME

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) programme, 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 National Health Insurance Bill (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.

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.

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.

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.

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.

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.

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.

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.

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:

MEDICAL SCHEMES ACT (NO 131 OF 1998)

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

MEDICINES AND RELATED SUBSTANCES 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).

NATIONAL HEALTH LABORATORY SERVICE ACT (NO 37 OF 2000)

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

HEALTH PROFESSIONS ACT (NO 56 OF 1974)

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

PHARMACY ACT (NO 53 OF 1974)

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

NURSING ACT (NO 33 OF 2005)

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

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.

DENTAL TECHNICIANS ACT (NO 19 OF 1979)

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

HAZARDOUS SUBSTANCES ACT (NO 15 OF 1973)

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

FOODSTUFFS, COSMETICS AND DISINFECTANTS ACT (NO 54 OF 1972)

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

OCCUPATIONAL DISEASES IN MINES AND WORKS ACT (NO 78 OF 1973)

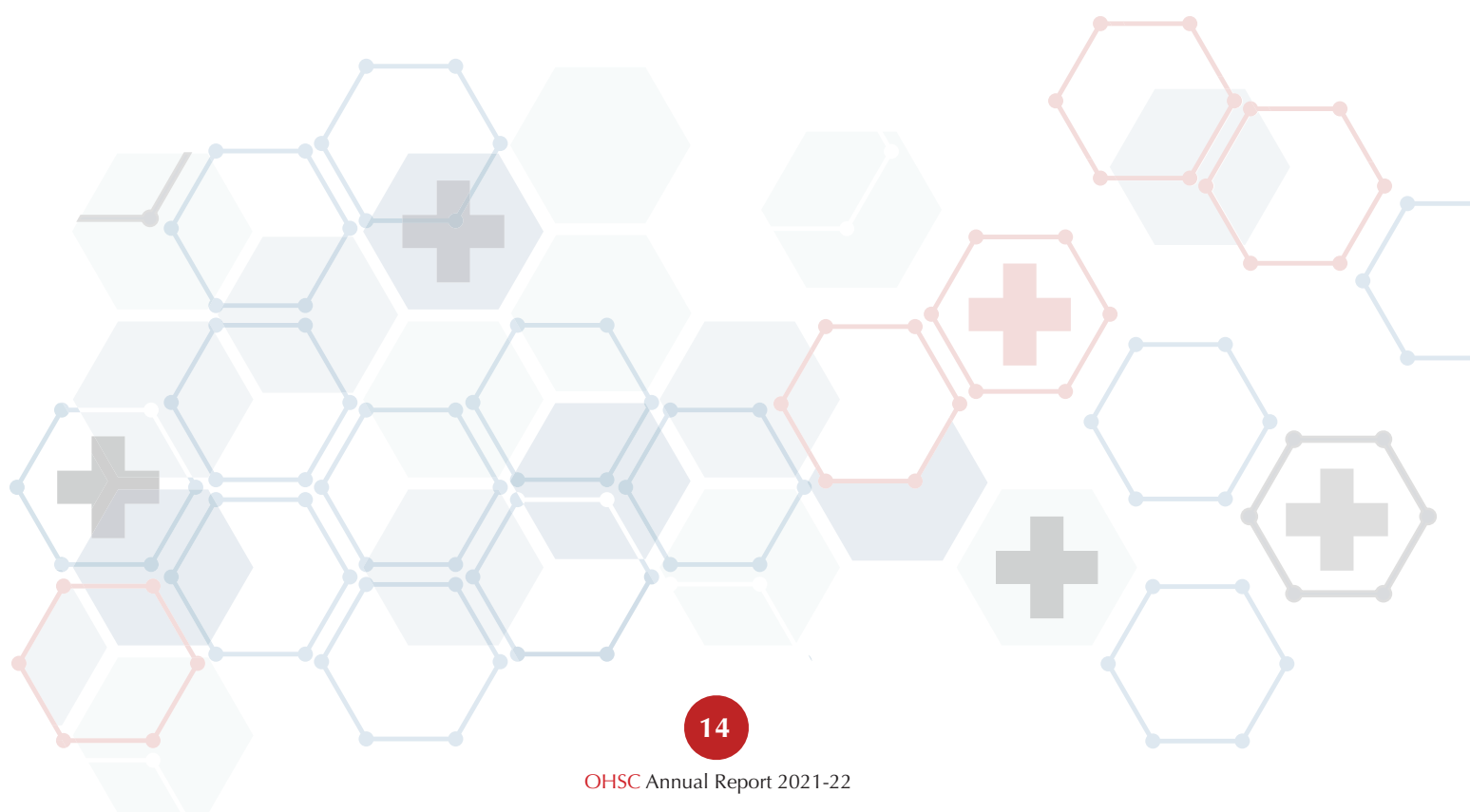
Provides for medical examination of persons who might have contracted occupational diseases, especially while working in the mining sector, and for relevant compensation.

OCCUPATIONAL HEALTH AND SAFETY 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.

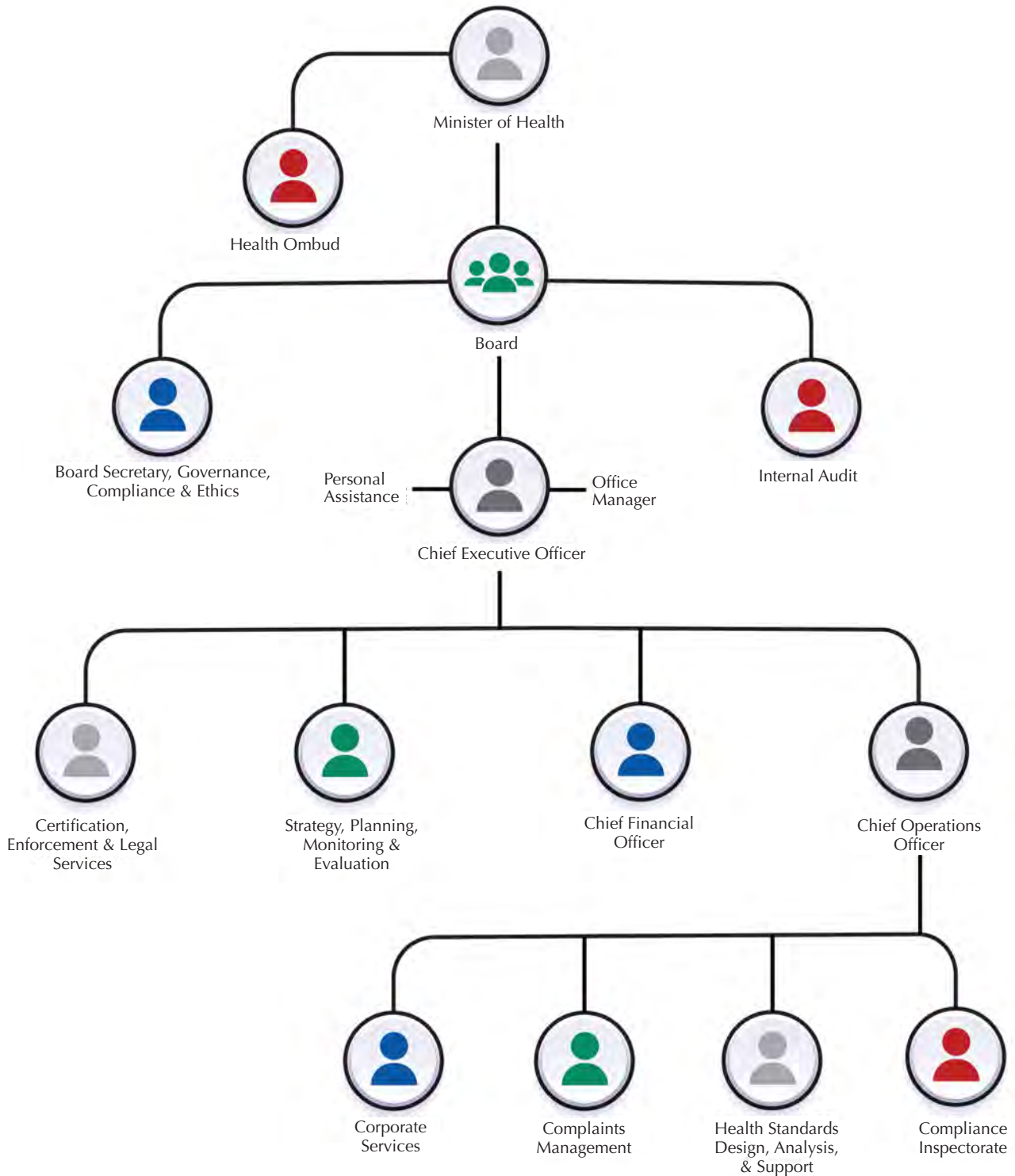
LABOUR RELATIONS ACT (NO 66 OF 1995)

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 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 81 of the Report of the Auditors Report, published as Part E: Financial Information.

10. OVERVIEW OF PERFORMANCE

10.1 SITUATIONAL ANALYSIS

HEALTHCARE ENVIRONMENT

Service delivery during the year under review continued to be impacted upon by the unfolding COVID-19 pandemic. The COVID-19 pandemic has, to some extent, magnified pre-existing weaknesses in our healthcare system and exacerbated some of them. Efficient and equitable allocation and utilisation of limited healthcare resources has thus become more critical now than ever before. Unless we prioritise interventions that are cost-effective and address the major challenges from both the demand side and the supply side, South Africa will experience increased mortality and morbidity from diseases that have been side-lined in favour of COVID-19. The potential regression in population health outcomes will obliterate hard-won improvements in life expectancy over the past decade, thwarting any chance of South Africa reaching its SDG 2030 targets.

Though South Africa health expenditure as a share of GDP has fluctuated substantially in recent years, estimates suggest that South Africa spends about 9.1% of GDP on healthcare (World Bank, 2019) – a relatively high amount when compared with countries of comparable developmental status – but it has not reaped proportionate returns in terms of the health of its population. Quite to the contrary: the country carries a heavy and complex burden of disease – comprising of high rates of communicable diseases, non-communicable diseases, maternal and child mortality, and trauma.

The inequitable distribution of health spending is at the heart of the above-mentioned situation of overall high total health expenditure as a proportion of GDP without commensurate improvement in health outcomes. Only 15% of the country's population is covered by medical scheme insurance, according to the Council for Medical Schemes (Council for Medical Schemes, 2021), and nearly 43% of health spending occurs within the private healthcare market. Government spending on health amounts to 54% of total health spending and this is stretched to finance healthcare for at least 72% of the population who regard public facilities as their first, and in most instances, the only option. (Barber, S. L., et al, 2018).

The private healthcare sector is characterised by “highly concentrated funders and facilities markets, disempowered and uninformed consumers, a general absence of value-based purchasing, practitioners who are subject to little regulation, and failures of accountability at many levels”, according to the 2019 report of

Health Market Inquiry, instituted by the Competition Commission. Despite considerable overutilisation of services, the Health Market Inquiry observed, health outcomes were not good even among this privileged group of private health service consumers (Competition Commission South Africa, 2019).

It is common cause that the public health sector is not adequately funded to fulfil the service needs of the majority of South Africans. Crowded waiting rooms, long waiting periods even for critically needed care (such as oncology services), poorly maintained and equipped facilities, and overworked health professionals are common features of the public health sector. Maintaining quality healthcare services under these circumstances requires great commitment and sophisticated management of the health system.

PROMULGATED NORMS AND STANDARDS

The promulgated norms and standards for different categories of health establishments came into effect in February 2019. These norms and standard are critical and play a central role in the functioning of the OHSC as a healthcare quality assurance regulator. The promulgated norms and standards have strengthened the mandate of the OHSC to conduct compliance inspections, investigate complaints, enforce compliance as well as certify both public and private health establishments found compliant with the regulations. The promulgated norms and standards applicable to different categories of health establishments paved the way for the engagements between the OHSC and the health sector on the development of inspection tools applicable to the sector. Inspections conducted in terms of the promulgated norms and standards and certification of health establishments by the OHSC is an important pre-condition for accreditation of healthcare providers wishing to be contracted by the NHI Fund to provide services.

PRESIDENTIAL HEALTH COMPACT

The NDoH focused on accelerating the path towards Universal Health Coverage and implementing the resolutions of the Presidential Health Compact (2018) with a view to introduce the necessary health reforms for successful implementation and rollout of the National Health Insurance. The Presidential Health Compact seeks to address the crisis facing the health system through nine pillars with key activities, interventions, indicators, and time-bound targets. One of the interventions recommended at the Presidential Health Summit is a full organisational review of the legislation on health and new

governance and administrative structures to improve quality, transparency, accountability, and efficiency in the health sector (public and private). Furthermore, the Office of the Health Ombud must be separated from the OHSC to ensure independence, transparency, and good governance. To that extent, the Health Ombud and the Minister of Health are in a process of drafting the Health Ombud Bill. There is also a process of drafting a separate OHSC Bill which would remove the functions of the OHSC from chapter 10 of the National Health Act, 2003.

UNIVERSAL HEALTH COVERAGE

The NDoH has adopted a phased approach to implement NHI. The NHI Bill was introduced in Parliament in July 2019 and the Portfolio Committee on Health conducted public hearings in all provinces later that year. The COVID-19 pandemic disrupted the committee's plans to hear further submissions during 2020 and these were rescheduled to mid-2021, continued in 2022. The OHSC has a clearly defined role in the NHI programme. The NHI Bill provides that health establishments seeking service contracts with the NHI Fund must be accredited and "the process of accreditation of healthcare providers will require that health establishments are inspected and certified by the OHSC". It is important to note that, while the OHSC is critical to the unfolding of NHI, its broader role of improving the quality of public and private sector healthcare remains its fundamental mandate.

HEALTH MARKET INQUIRY

The Competition Commission's Health Market Inquiry (HMI), the most systematic and comprehensive investigation carried out into the South African health sector, took note of the role of the OHSC as an independent regulator with powers to enforce compliance against norms and standards, and its intended role in both the public and private sectors. The HMI has recommended that both doctors' surgical rooms as well as hospitals be given a practice code number conditional on achieving OHSC certification. As providers will not be able to be reimbursed without such a number, this will be useful as a lever to promote compliance with health norms and standards regulations. It will also allow the NHI Fund, once it begins to purchase, to know where both GP and hospital resources are located and have some reassurance of minimum quality standards being met. Overall, infrastructure in both the public and private health sectors must meet the requirements of the OHSC.

10.2 ORGANISATIONAL ENVIRONMENT

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

To mitigate against challenges due to shortage of human resources, persons assisting inspectors and admin officers were employed on a contract basis in the Compliance Inspectorate unit to increase coverage of inspections in both the public and private sectors. In addition, the capacity of the Planning, Monitoring and Evaluation, and Governance, Board Secretariat and Legal Services units were augmented through appointment of staff on a contract basis.

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.

10.4 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Table 1: Contribution towards achievement of MTSF outcomes

2019-24 Medium Term Strategic Framework Goals	Ohsc Outcome	Progress
Goal 2: Achieve UHC by implementing NHI	Fully functional OHSC	The Public Finance Management Act requires public entities to submit quarterly performance information reports to the relevant executive authority and the National Treasury. During the period under review, OHSC submitted all the quarterly information reports to the executive authority and the National Treasury within the set statutory deadlines. The OHSC has received an unqualified audit opinion from the Auditor-General South Africa for each financial year since its inception.
Goal 3: Quality improvement in the Provision of care	Fully functional OHSC	Based on the previous two-year targets, the OHSC is on track towards meeting a five-year target. However, there are potential challenges that can arise that could affect the achievement of this five-year target e.g., Eskom outages, generator malfunction and uninterruptible power supply (UPS) and support on critical hardware.
	Compliance with norms and standards is effectively monitored	Through the OHSC's outcome of effectively monitoring compliance with norms and standards, the unit 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 2019/2020, the OHSC has inspected a total of 1 678 out of 3 741 (45%) of all public sector health establishments.
	Improved quality of health care service rendered to the users in the health establishments	The number of complaints received by the OHSC are increasing at an exponential rate year-after-year. An average of 87.41% low risk complaints received from the public were resolved within the turn-around times set in the Annual Performance Plan since the beginning of the MTSF 2019 to 24 period. The clearance of backlog of medium to high-risk complaints remained a priority, and as of 31 March 2022, the backlog was cleared by 94% (105 out of 112).



Table 1: Contribution towards achievement of MTSF outcomes (continued)

2019-24 Medium Term Strategic Framework Goals	Ohsc Outcome	Progress
	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 a number of activities. These activities include the development of inspection tools and provision of guidance workshops and training: • Development of inspection tools for different categories of health establishments aligned to the norms and standards regulations. During the period under review, the inspection tools for district, regional and private hospitals were finalised. Development of inspection tools is an important part of the process of ensuring that health establishments are assessed comprehensively and in line with the applicable regulations. In addition to the inspection tools, compliance status framework is developed to ensure that the OHSC and health establishments have a common understanding of the way inspection findings are processed towards the compliance decision. • Training and guidance workshops are provided to inspectors, complaints assessors and investigators on the developed and approved inspection tools prior to commencement of inspections of various categories of health establishments. In addition, training workshops are provided to health establishments and other health authorities on the finalised inspection tools. These workshops are conducted 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 to improve the quality of the health system and its outcomes. In addition, to the development of inspection tools and provision of guidance workshops, there are other activities that contribute to the facilitation of compliance with norms and standards. Some of these activities include the submission of annual returns (AR), monitoring of indicators of risk through the early warning system (EWS), and review of the norms and standards regulations. Annual returns provide comprehensive information on the characteristics of a particular health establishment. The EWS is a dedicated system that monitors eleven indicators that relate to patient safety and health establishments are expected to report on these. In addition, alerts on EWS are monitored from other sources such as print media, electronic media, and complaints.

Table 1: Contribution towards achievement of MTSF outcomes (continued)

2019-24 Medium Term Strategic Framework Goals	Ohsc Outcome	Progress
		Annual returns recommendations: Health establishments should engage adequately with the guidance provided in order to improve the quality of information submitted for annual returns for the benefit of the health system. Also, to build capacity for key role players in the process, to increase understanding and interpretation of the information required. Provincial authorities should communicate clearly to the health establishments' managers that it is their ultimate responsibility to submit accurate information to the OHSC, and possibly make it part of their key performance measures. Annual returns submission by health establishments' managers at the level of person in charge should be considered as part of the indicators they are measured against in performance reviews to ensure compliance with this requirement. The OHSC has provided feedback in all provinces to improve the quality of the submitted annual return data. In addition, health establishments are obligated to respond timeously to request for additional information and clarity regarding submitted data. EWS recommendations: Provincial and district health authorities should implement a regular, possibly quarterly, monitoring process to ensure that health establishments report on the 11 EWS indicators as part of their quality assurance responsibilities. This intervention will result in significant improvement in reporting rate and provide an opportunity for the health system to address user safety and other healthcare quality challenges in the system. Provincial health authorities, e.g., Heads of Department or Deputy Directors-General: Hospital or Clinical Services, clarify to the health establishments that other patient safety incident reporting systems within the public health sector cannot be used by the OHSC as substitutes for EWS reporting as the OHSC is required to collect this information from the primary source. Health establishments must be supported and assisted by district and provincial health authorities to build their capacity to carry out root cause analyses as part of quality improvement interventions to deal with systemic challenges and risks such as security and availability of critical supplies such as water and oxygen. Health establishments must be supported to implement quality improvement plans and monitor them to ensure that there is measurable progress over time.

Table 1: Contribution towards achievement of MTSF outcomes (continued)

2019-24 Medium Term Strategic Framework Goals	Ohsc Outcome	Progress
		Provincial health authorities use their oversight responsibilities and authority to encourage health establishments to cooperate with the OHSC in relation to request for information and prevent unnecessary escalation of matters. Review of norms and standards regulations: In line with the incremental and progressive approach to quality assurance regulation, the OHSC has to provide advice to the Minister of Health on aspects that must be included in the regulations as the health system evolves. During the period under review, a recommendations report was prepared and submitted to the Minister of Health on aspects that are currently not in the promulgated regulations and aspects in which regulations are currently without sub-regulations.
	Compliance with norms and standards increased.	As at the end of the 2021/22 financial year, 189 health establishments were issued with certificates of compliance.

10.5 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).

Overall, the number of output indicators tracked for the 2021/22 financial year period, stands at 22. The execution of one indicator (*Output Indicator 2.1.2: Percentage of private health establishments inspected for compliance with the norms and standards*) was not possible due to non-availability of inspection tools. With the exclusion of the one indicator mentioned in the preceding sentence, the OHSC managed to achieve a 67% (14/21) of its set targets in 2021/22 financial year.

Areas of non-achievement included the following output indicators:

1. HUMAN RESOURCE MANAGEMENT

- Percentage of vacancies filled within four months of the vacancy occurring.

2. COMPLAINTS MANAGEMENT

- Percentage of user complaints resolved through assessment within 30 working days of receipt of a response from the complainant and/or the health establishment.
- Percentage of complaints resolved within six months through investigation.
- Percentage of complaints resolved within 12 months through investigation.
- Percentage of complaints resolved within 18 months through investigation.

3. CERTIFICATION AND ENFORCEMENT

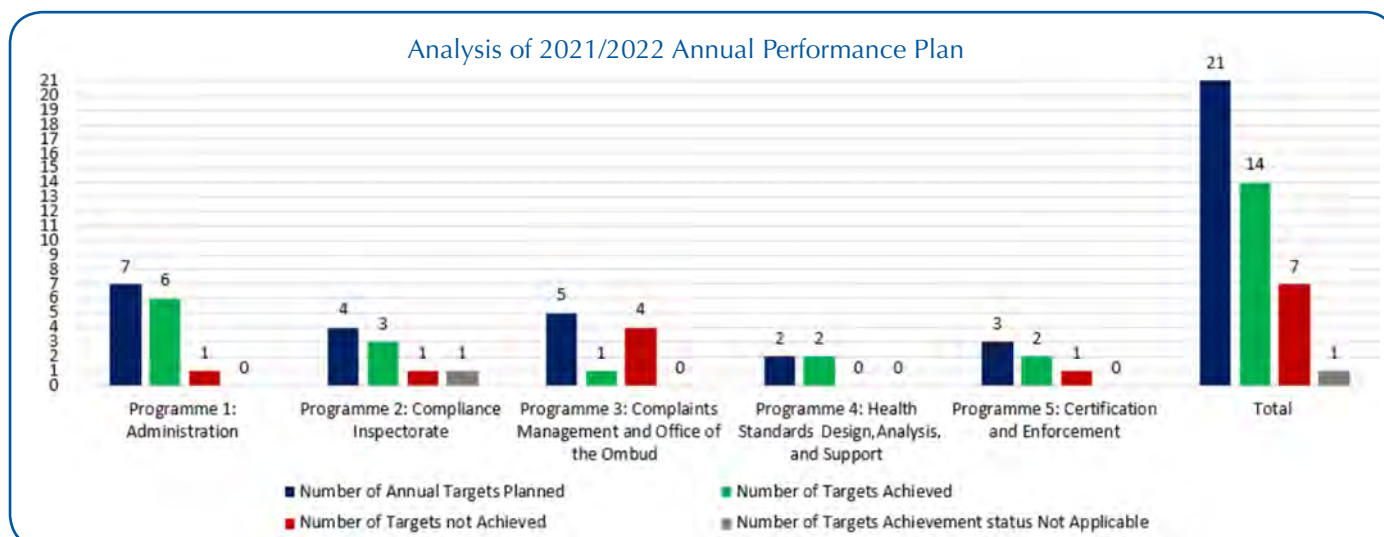
- Percentage of health establishments against which enforcement action is initiated within 10 days from the date of the final inspection.

Area with achievement that is not applicable included the following output indicator:

4. COMPLIANCE INSPECTORATE

- Percentage of private health establishments inspected for compliance with norms and standards.

The graph below illustrate the overall performance for the financial year 2021/22



The OHSC fulfils its mandate through four specialised divisions each of which is responsible for a defined programme. A fifth division provides leadership and administrative support for the organisation as a whole. Ultimately all divisions 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:

Programme 1: Administration



Programme 2: Compliance Inspectorate



Programme 3: Complaints Management and Office of Ombud



Programme 4: Health Standards Design, Analysis, and Support



Programme 5: Certification and Enforcement



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

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.

Outcome 1: A fully functional OHSC		
Outcome indicator	Baseline	Five-year target
Percentage of vacancies filled within four months of the vacancy existing	New indicator	93%
Percentage of certified inspectors after successful completion of training	New indicator	95%
Unqualified audit opinion achieved by the OHSC	Unqualified audit report	Unqualified audit report
Percentage of ICT availability for core OHSC services	New indicator	95%
Percentage of ICT availability for OHSC support services	New indicator	95%
Number of community stakeholder engagements to raise public awareness on the role and powers of the OHSC	New indicator	60
Number of private sector engagements to raise awareness on the role and powers of the OHSC	New indicator	40

Sub-programmes

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

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



Sub-programme: Human Resource Management

Human Resource Management creates an enabling environment for employees to contribute towards the achievements of the organisation objectives and mandate. The unit enables the office to attract, develop and retain skilled people and ensure that vacancies are filled. The Human Resource Management is made up of the following functions:

Labour Relations – to manage and facilitate the provision of labour relations and workplace support services to the OHSC.

Human Resource Management – to manage and support all HR related matters including service benefits, training, and performance management as well as fleet management.

Facility Management – management of all matters relating to the building maintenance, cleaning, security, and the gardens.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome	Output	Output Indicator	Audited Actual Performance 2019/ 2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/ 2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/ 2022	Reasons for deviations
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 vacancy existing	New Indicator	41.7% (10/24)	90%	21.43% (3/14).	68.57%	The challenges relating to filling of posts within the four months period is attributed to a number of external factors which include amongst others, no suitable candidate found from the first round of recruitment or suitable candidate found and then declining the offer at the last moment, leading to numerous rounds of recruitment, and candidates having to serve notice period which is longer than a month. However, by the end of the financial year 10 posts were filled out of the 14 vacant posts.
	1.2 Inspectors certified after completion of training	1.2.1 Percentage of certified inspectors after completion of training	New Indicator	80% (49/61)	95%	95.24% (40/42)	+0.24%	None. Target met

Achievement of strategic outcomes

Despite difficulties posed by the COVID-19 pandemic, the Human Resource Management unit ensured that 97% (119/123) of the OHSC's funded posts were filled as at 31 March 2022. This was mainly attributable to the improvement of working conditions for employees.

Well trained, certified inspectors are critically important to ensuring the OHSC is able to inspect health establishments to establish their compliance with regulated norms and standards. By the end of the financial year, 95% (40/42) of inspectors had completed the approved training course and been certified, against the planned annual target of 95%.

Staff also benefited from a range of professional development and skills training opportunities. These were mostly short courses designed to improve general skills, such as report writing, time management and financial management, and skills specific to the OHSC's mandate, such as standards development and the skills required by peace officers.

Strategy to overcome areas of under performance

The unit strives to fill posts in the shortest turn-around time as is possible which includes advertising posts as soon as a vacancy occurs. In addition, the unit intends to maximise use of technology by exploring the possibility of conducting the virtual interviews during this COVID-19 period so as to fast track the recruitment process.

Reporting on the Institutional Response to the COVID-19 Pandemic

In order to manage the infection and spread of virus within the organisation, the OHSC implemented a comprehensive COVID-19 response management plan. The plan included a wide range of preventive measures that were developed, implemented, and monitored from time to time.

The preventative measures included amongst others, procurement of personal protective equipment (PPEs), development and implementation of COVID-19 protocols, ensuring that office premises have sufficient ventilation, and continuous communication with employees in which circulars were issued as and when developments occur.

Furthermore, the other measures put in place included psycho-social support measures and awareness on importance of vaccination. In this regard, counselling and psycho-social support were provided to employees by the wellness service provider. The work schedule for all units was developed to assist with daily 50% staff capacity in the OHSC premises as per disaster management regulation. As part of awareness on vaccination, continuous communication to employees through internal circulars and articles on vaccination were shared with employees. As a result of the ongoing communication with employees, as of 31 March 2022, more than 70% of employees within OHSC were vaccinated whilst the few were yet to be vaccinated for various reasons which included amongst others vaccine hesitancy.

Progress on Institutional Response to the COVID-19 Pandemic

Sub-Programme	Intervention	Geographic location (Province/District/local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Programme 1: Administration-Sub-programme: Human Resource Management	COVID-19 management response plan	N/A	123	Not applicable	Operational budget	R947 651 for the whole organisation	Enabled employees to work safely during COVID-19	A fully functional OHSC

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

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
A fully functional OHSC	1.3 IT Service Availability	1.3.1 Percentage of ICT availability for core OHSC services	New Indicator	99.84%	95%	99.98%	+4.98%	IT systems operated efficiently due to close monitoring of systems, contracts with service providers and implementation of automation
		1.3.2 Percentage of ICT availability for OHSC support services	New Indicator	98.22%	95%	99.96%	+4.96%	IT systems operated efficiently due to close monitoring of systems, contracts with service providers and implementation of automation

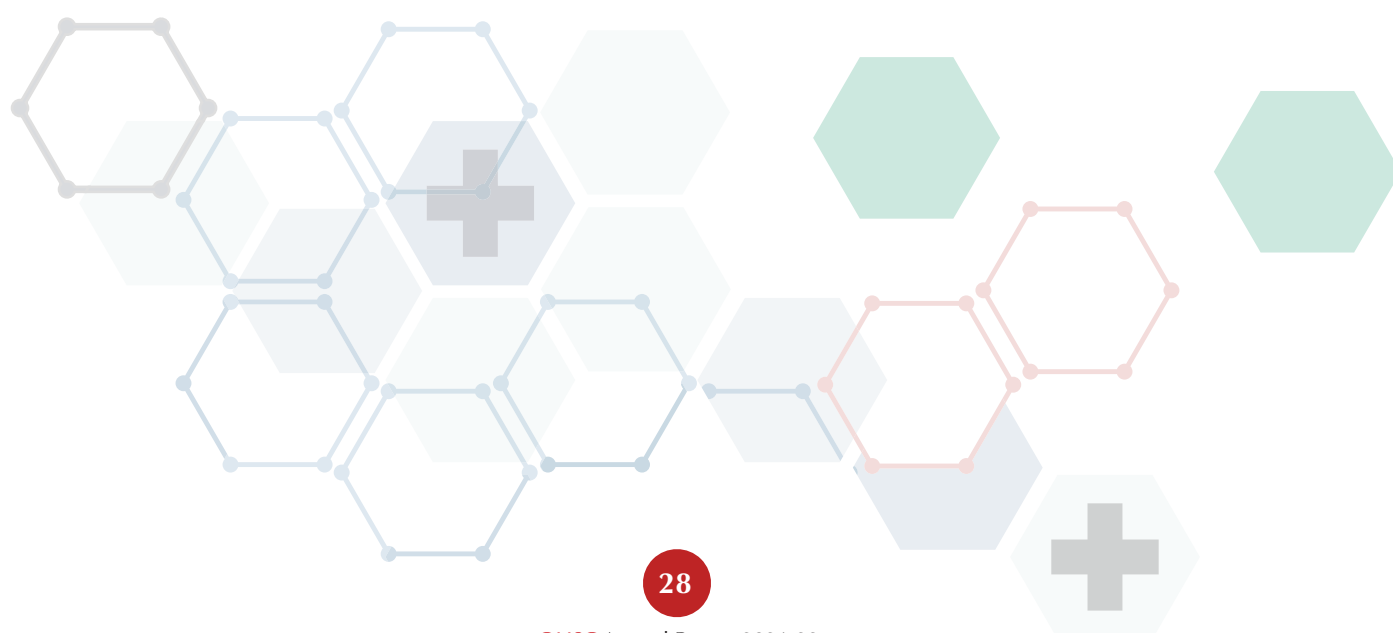
Strategy to overcome areas of under performance

None

Achievement of strategic outcomes

The ICT strategy is designed to take account of the ever-changing ICT environment and implementation during the year focused on the electronic inspection tool, annual returns, the early warning system, digitisation, business intelligence, security and risk management.

IT systems supporting major OHSC programmes were maintained, and in some instances enhanced, during the year.



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

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
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	New Indicator	6	12	32	+20	Target exceeded due to additional community engagements, roadshows campaigns across the country, placement of newspaper advertorials, and community radio campaigns
		1.4.2 Number of private sector engagements to raise awareness on the role and powers of the OHSC and Health Ombud	New Indicator	3	8	9	+1	Target exceeded due to placement of advertorials in various medical publications, and engagement with private sector health establishments and professionals.

Achievement of strategic outcomes

All output indicators tracked by the sub-programme were fully achieved.

Public awareness campaigns

Roadshow campaigns were conducted in various rural areas of provinces such as the Northern Cape, North-West and Mpumalanga. The aim of roadshows was to increase public awareness of the OHSC.

Information on the role of OHSC was shared with rural medical practitioners at the Rural Health conference hosted by Rural Health Conference (RuDASA).

A presentation focusing on 'why outcome measurement and reporting is important for health standards' was delivered to delegates at the Outcome Measurement conference.

Clinicians were engaged in a form of presentation that focused on South African health sector stakeholders and their role in fast tracking the improvement of the quality of health at the Health Quality Assessment 17th Annual Industry Results and Clinical Quality conference.

The OHSC shared information on its role with delegates at the Public Health Medicine and Occupational Medicine Ward Round hosted by the Colleges of Medicine of South Africa.

Radio advertisement campaigns

The radio campaign targeted community radio stations where the local community was allowed to engage with OHSC officials. Over 4.9 million listeners were reached through 80 community radio stations across the country. Technical support from the Government Communication and Information System (GCIS) facilitated the live broadcast that enabled OHSC to interact with listeners live on 80 community radio stations.

Radio live reads were conducted in four community radio stations (Ligwa Fm, Rise Fm, Kanyamazane Community Radio, and Voice of Hope Fm) as part of mobilising the community to attend a series of OHSC engagements campaigns at various villages around Pixley Ka Seme Local Municipality.

Advertorials

As part of building awareness, understanding and acceptance of the OHSC's role among medical professionals, advertorials were placed in five digital and print publications (Medical Chronicle, Modern Medicine, Medical Academic, South African General Practitioner, and Med Pharm).

Media statements

Three media statements were issued, on commemoration of World Patient Safety Day; disruption of health services by violence and looting in Gauteng and KwaZulu-Natal; and joint media statement with health regulators focusing on disruption of health services by violence in Gauteng and KwaZulu-Natal.

Strategy to overcome areas of under performance

The OHSC is planning to increase its communication platforms to health service users, health workers, medical practitioners, and health establishments – especially in the financial year 2022/23.

- National and community radio to be used to reach stakeholders – especially health service users, health workers, medical practitioners, and health establishments.
- Share information with other health regulators and organisations representing health establishments and health service users.
- Webinars and campaigns to be undertaken to create understanding, and acceptance of OHSC's role.
- Digital media platforms to be strengthened to update stakeholders of decisions taken by the OHSC.
- Dedicated focus on private sector stakeholders is necessary.

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

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
A fully functional OHSC	1.5 Unqualified audit opinion achieved by the OHSC	1.5.1 Unqualified audit opinion achieved by the OHSC	New Indicator	Unqualified audit	Unqualified audit	Unqualified audit opinion achieved by the OHSC	Not applicable	Not applicable

Linking performance with budgets

Programme	2021/2022			2020/2021		
	Budget	Actual expenditure	(Over)/Under expenditure	Budget	Actual expenditure	(Over)/Under expenditure
Administration	61,423,088	68,759,560	(7,336,472)	60,681,191	64,451,872	(3,770,681)

The Administration programme carries the entire support budget of the OHSC. Over expenditure arose largely from information technology maintenance and support, as well as replacement of obsolete computer equipment. These were funded from the surplus as approved by the National Treasury. Further areas of expenditure related to the purchase of personal protective equipment

in response to the COVID-19 pandemic, as well as communication costs incurred for virtual meetings. Six of the seven outputs of administration programme were fully achieved. Only one output, turnaround time for the filling of funded vacancies, was not achieved. Depreciation of previously purchased assets also forms part of total expenditure.

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.

The norms and standards regulations applicable to different categories of health establishments were promulgated in 2018. The OHSC developed inspection tools derived from these norms and standards in

2019. These tools were used to conduct inspections from 2019/2020. The number of health establishment inspected during the period under review was 544, against the target of 299. Cumulatively, 1 578/3 748 (42%) of all public sector health establishments were inspected since the promulgation of norms and standards regulations.

During 2021/22, the Compliance Inspectorate started conducting re-inspections for the first time. To increase efficiencies, the re-inspections were incorporated into the routine inspections schedule. All health establishments due for re-inspection and located near a health establishment scheduled for routine inspection, were thus inspected during that inspection week, by the team visiting that area. The retained surplus funds were used to fund re-inspections. The surplus funds were used for recruitment of additional human resources (18 Assistant Directors - Persons Assisting Inspectors and 10 Administration Officers), on a contractual basis. The additional human resources are in addition to the Compliance Inspectorate's existing staffing complement of 56.

The main outcome, outputs and targets of the Compliance Inspectorate are outlined in the table below. The number of public sector health establishments to be inspected during 2022/23 fiscal year has been increased significantly to a target of 786 (21%), which is above the current strategic plan targets. This is to ensure that all public sector health establishments will be inspected by the end of the 2024/25 fiscal year.

Outcome 2: Compliance with norms and standards is effectively monitored		
Outcome Indicator	Baseline	Five-year target
Percentage of public sector health establishments (HEs) inspected for compliance with the norms and standards	19.13%	100%
Percentage of private sector health establishments (HEs) inspected for compliance with the norms and standards	New indicator	100%
Percentage of additional inspection (re-inspection) conducted in private and public health establishments where non-compliance was identified	New indicator	100%
Publish reports of inspections conducted with the names and location of the health establishments every six months	New indicator	10
Publish an annual report that sets out the compliance status of all HEs and summarises the number and nature of the compliance notices issued	New indicator	5

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
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	16.95% (647/3 816)	10.14 % (387 of 3 816)	8% (299 of 3 741)	14.54% (544 of 3 741)	+6.54%	Target met and exceeded. This was achieved by introducing financial and operational efficiencies, including inspecting additional health establishments located near health establishments that were originally selected through. In addition to the routine inspections, risk-based and pilot inspections for district and regional hospitals, were conducted during this financial year.
		2.1.2 Percentage of private health establishments inspected for compliance with the norms and Standards	New Indicator	0%	6% (26 of 431)	Not applicable	Routine inspections could not be conducted during this financial year pending the finalisation of the private hospital's inspection tools.	Pilot inspections were conducted in four private hospitals during quarter 4.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement (continued)

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
	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 from April to October	New Indicator	0%	100%	99.5% (181/182)	-0.50%	Target met. One health establishment that was scheduled for re-inspection during quarter 3 could not be re-inspected due to renovations. The health establishment has been scheduled during the next cycle.
	2.3 Regulated inspection reports are published	2.3.1 Publish reports of inspections conducted with the names and location of the health establishments every six months	New Indicator	1	2	2	None. Target met.	None. Target met.
		2.3.2 Publish an annual report that sets out the compliance status of all HEs and summarises the number and nature of the compliance notices issued.	New indicator	New indicator	1	1	No deviation	The Annual Inspection Report for 2019/2020 was published in quarter 3. The 2020/2021 Annual Inspection Report, due for publication end of 2021/2022 financial year, will be published during the first quarter of 2022/23 financial year.

Linking performance with budgets

Programme	2021/2022			2020/2021		
	Budget	Actual expenditure	(Over)/Under expenditure	Budget	Actual expenditure	(Over)/Under expenditure
Compliance Inspectorate	53,988,829	49,718,575	4,270,254	48,086,600	40,988,501	7,098,099

The Compliance Inspectorate programme is the largest division in the OHSC, both in terms of staff complement and budget allocation. Savings arose largely from actual salary increases that were less than what was budgeted for. Four of the five outputs of this programme were fully achieved.

Strategy to overcome areas of under performance

The two areas of underperformances are output indicators.

- Percentage of private health establishments inspected for compliance with the norms and standards.

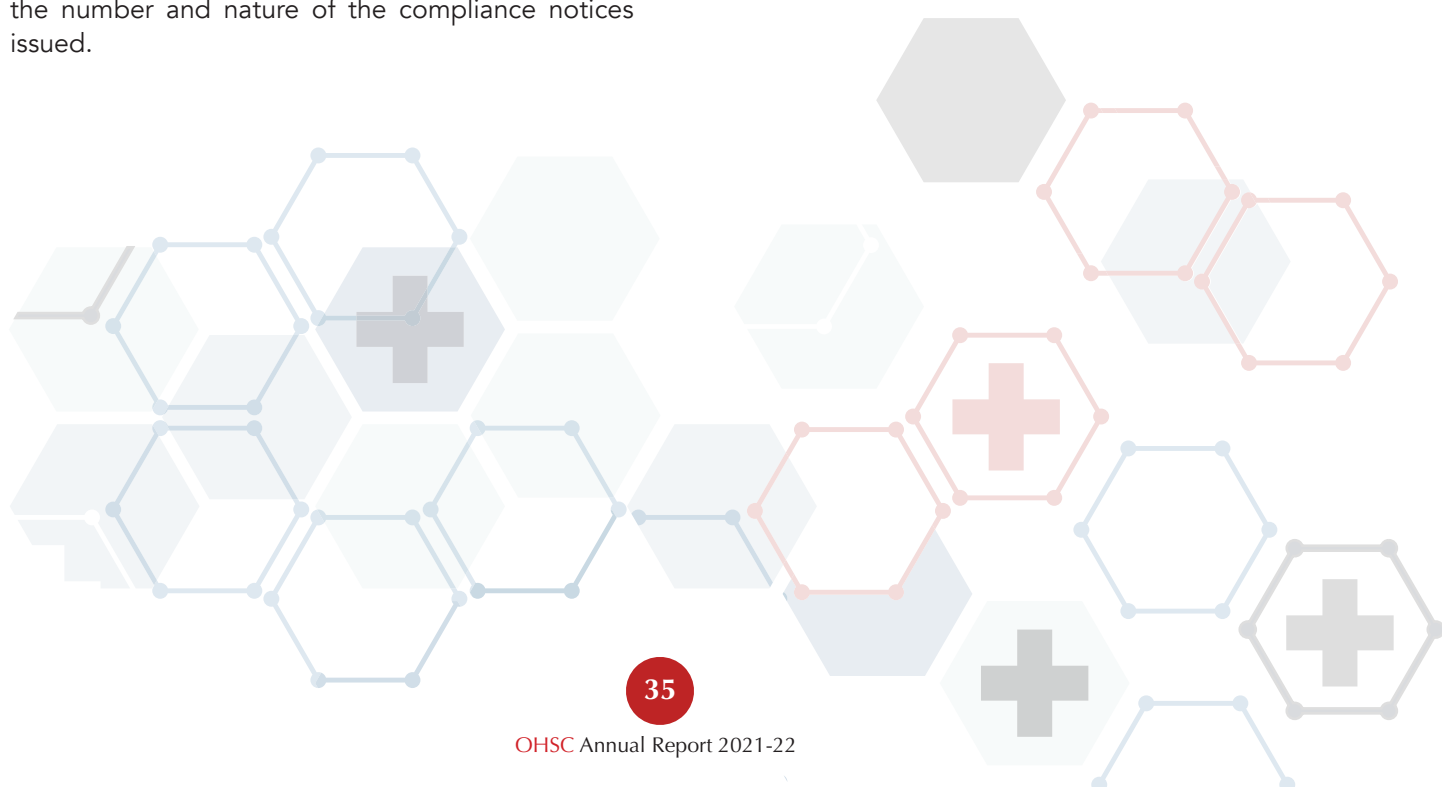
To address output indicator 2.1.2, private hospitals were not inspected pending the finalisation of private sector inspection tools. The OHSC continued with engagements on the development of private sector inspection tools during the reporting period. Private hospitals will be inspected as soon as the private hospital tools have been finalised. The private sector inspection tools were formulated and piloted in four hospitals. Pilot inspections in private hospitals have been completed, therefore these tools are advanced in the formulation and testing process and in the final stages of development. These inspections are included in the Annual Inspection Strategy and Inspections Plans in quarter 2, quarter 3 and quarter 4 of financial 2022/23.

- Publish an annual report that sets out the compliance status of all health establishments and summarises the number and nature of the compliance notices issued.

Although output indicator 2.3.2. was met in quarter 3, this is a report for financial year in 2019/20 due to delays in post-inspection processes and finalising final inspections reports. An external review panel was initially used for final reviews of reports, resulting in delays. To remedy the delays in the finalisation of inspection reports, an internal review panel was established to review final inspection reports more efficiently. Although this panel was only established in quarter 2, a backlog of 287 reports were cleared by quarter 4. The earlier finalisation of these reports will have a ripple effect and translate to earlier commencement of data analysis, write-up, and finalisation of the Annual Inspection Report.

Reporting on the institutional response to the COVID-19 Pandemic

The OHSC was impacted by the COVID-19 pandemic and the July 2021 unrest in KwaZulu-Natal and Gauteng provinces. All field inspections were halted during level 4 lockdown as per the national state of disaster, to allow the health establishments to respond to the influx of patients and re-purpose certain areas of the health establishment. During this period, inspection teams were completing post inspection activities. Despite these delays in field inspections, targets set for the public sector inspections were met and exceeded.



PROGRAMME 3: COMPLAINTS MANAGEMENT AND OFFICE OF THE OMBUD

The purpose of the Complaints Management programme and Office of the 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 requires on-site visit to the Health Establishments and robust analysis of evidentiary documents.

The Complaints Management programme and Office of the Ombud collaborate in an effort to achieve the outcomes and outputs outlined below:

Outcome 3: Improved quality of healthcare services rendered to users of health establishments		
Outcome Indicator	Baseline	Five-year target
Percentage of low-risk complaints resolved within 25 working days of lodgement in the call centre	New indicator	90%
Percentage of user complaints resolved within 30 days of the receipt of information requested from the health establishment and /or complainant	44%	75%
Percentage of complaints resolved within 6 months through investigation	2%	70%
Percentage of complaints resolved within 12 months through investigation	New indicator	70%
Percentage of complaints resolved within 18 months through investigation	New indicator	70%



Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Improved quality of health care services rendered to the users in the Health Establishments	3.1 Low risk complaints resolved within twenty-five working days of lodgement in the call centre	3.1.1 Percentage of low-risk complaints resolved within twenty-five working days of lodgement in the call centre	95.58% (1 580/1 651)	91.81% (2 108/2 296)	75%	83.09% (2 756/3 317)	+8.09%	None. Target met.
	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	7.3% (9/24)	2.46% (5/203)	55%	26.71% (39 / 146)	-28.29%	Negative deviation due to inflation of the denominator caused by a large number of backlog cases, as well as new complaints. The performance has steadily increased from 7.4% in quarter 1 to 27% in quarter 4, indicating persistent hard work from the Complaints Assessment team to clear backlogs.
	3.3 Complaints resolved within 6 months through investigation	3.3.1 Percentage of complaints resolved within 6 months through investigation	10.00% (2/20)	11.11% (1/9)	10%	4.43% (7/158)	-5.57%	Negative deviation due to inflation of the denominator caused by a large number of backlog cases, referral of new cases for investigation, human resource constraints and lengthy investigative processes.
	3.4 Complaints resolved within 12 months through investigation	3.4.1 Percentage of complaints resolved within 12 months through investigation	New Indicator	0%	5%	1.27% (2/158)	-3.73%	Negative deviation due to inflation of the denominator caused by a large number of backlog cases, referral of new cases for investigation, human resource constraints and lengthy investigative processes
	3.5 Complaints resolved within 18 months through investigation	3.5.1 Percentage of complaints resolved within 18 months through investigation	New indicator	0%	2%	0% (0/158)	-2%	Negative deviation due to inflation of the denominator caused by a large number of backlog cases, referral of new cases for investigation, human resource constraints and lengthy investigative processes. Thirteen backlog cases were resolved during the 2021/22 financial year.

Achievement of Strategic Outcomes

Of the five programmatic indicators, only one indicator target was achieved. This was due to the fact that the Complaints Management Program had a large number of backlog cases, dating from previous years (2015 – 2021) which led to inflation of the indicator denominators. A vacancy rate of 45% for part of the year served to compound the issue, leading to an inability to resolve cases within given timeframes by the existing staff complement. Specifically, the Complaints Investigation unit had limited investigative capacity, which resulted in an increase in the number of backlog cases, as the investigation team required to investigate and resolve

the and resolve the newly assigned cases comprised the same team investigating the backlog cases assigned in the previous reporting periods. Additional reasons for non-achievement of the targets included delayed and nil responses from health establishments for requested information; requirements for in-depth analysis of voluminous evidentiary documents and research for all high and extreme risk-rated complaints necessitating additional time and effort to ensure production of quality investigative reports; and large numbers of witnesses interviewed and relied upon for evidence which impacted complaint resolution time-frames.

Linking performance with budgets

Programme	2021/2022			2020/2021		
	Budget	Actual expenditure	(Over)/Under expenditure	Budget	Actual expenditure	(Over)/Under expenditure
Complaints Management and Ombud	20,388,822	22,071,465	(1,682,644)	19,797,768	18,839,509	958,259

The operations of the division were supported employees on short term contracts funded from the surplus approved by the National Treasury. Over-expenditure arose from these short-term contracts funded from the surplus.

Strategy to overcome areas of under performance

The four areas of underperformance relate to the following indicators:

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

To address output indicator 3.2.1, the Complaints Assessment unit developed a strategy to prioritise and address all backlog cases, while working to address all new, incoming complaints. The resolution of the backlog cases served to reduce the number of backlog cases from 110 to 12 within the fiscal period. It is envisaged that this will have a positive impact on the indicator denominator going into the new fiscal year. In addition, the unit undertook a process of de-duplication of complaints, and improved efficiencies in complaint resolution. Motivation for additional human resource capacity was also done, resulting in five contract positions being allocated to the Complaints Assessment unit. This served to increase the number of personnel who were able to work on resolving complaints.

- Percentage of complaints resolved within 6, 12 and 18 months through investigation.

To address output indicators 3.3.1, 3.4.1 and 3.5.1, the Complaints Investigation unit worked to prioritise the investigation cases allocated to each investigator. All cases referred for investigation were thoroughly screened and assessed as per the Procedural Regulations pertaining to the functioning of the Office of the Health Standards Compliance and Handling of complaints by the Ombud, to prevent delays in documentary evidence collection and analysis. The team also developed a plan of follow up with non-responsive health establishments and monitored the implementation of this plan on a bi-weekly basis. To ensure speedy resolution of complex cases, the Complaints Management team has resolved to intensify usage of a selected panel of experts to provide advice and legal guidance, as well as motivate for the use of surplus funds for short-term contract posts to increase human capital. In consultation with HR, the Complaints Management team is in the process of developing a strategy to expedite the process of merging the Complaints Assessment Centre and Complaints Investigation to maximise capacity and performance to ensure expeditious management and resolution of all complaints.

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 sub-programmes:

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

Health Standards Development and Training

The Health Standards Development and Training sub-programme 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 sub-programme 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 sub-programme 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 sub-programme 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 sub-programme combines data from the annual returns, the EWS and inspections to compile reports following inspections, analyse the health system and make recommendations to relevant authorities on areas of service that require improvement.

The sub-programme 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.

Institutional outcomes

The outcome of this programme, stated below, is aligned with goal 3 of the National Department of Health (NDoH) Strategic Plan 2019 – 2024 which deals with quality improvement in the provision of healthcare services.

Outcome 4: Facilitate achievement of compliance with the norms and standards regulations for different categories of health establishments

Outcome Indicator	Baseline	Five-year target
Number of recommendations for improvement in the healthcare sector made to relevant authorities	New indicator	15
Number of guidance workshops conducted to facilitate implementation of the norms and standards regulations	New indicator	120

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Facilitate achievement of compliance with norms and standards regulations for different categories of health establishments	4.1 Recommendation report for improvement in the health sector completed and shared with relevant authorities for implementation	4.1.1 Number of recommendations for improvement in the healthcare sector made to relevant authorities	New indicator	3	3	3 A report submitted on early warning system. A report submitted on annual returns. A report submitted on the review of norms and standards	None. Target met.	None. Target met.
	4.2 Guidance workshops on norms and standards regulations conducted	4.2.1 Number of guidance workshops conducted to facilitate implementation of the norms and standards regulations	New indicator	18	24	26	+2	None. Target met.

Achievement of Strategic Outcomes

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. In this regard, the HSDAS programme reviewed and analysed the promulgated norms and standards regulations and identified certain gaps that could impact on the provision of quality of healthcare services provided by health establishments. Consequently, a recommendation report was prepared for the Minister of Health outlining the gaps in the current norms and standards regulations and provided clear recommendations on aspects that should be considered for inclusion in the regulations. The refinement of the norms and standards regulations is an important component and process that will help in strengthening the quality of healthcare services.

During the reporting period, the programme 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 indicators relate to monitoring of indicators of risk in relation to serious breaches to norms and standards. To this end, the trends observed, and information communicated in the EWS recommendations reports and in the related guidance workshops provided to the stakeholders will ensure that health establishments have the necessary information to address the quality gaps and challenges identified. This process contributes directly to the strategic outcome of facilitating compliance with the norms and standards.

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 are directly related to the capacity of health establishments to provide good quality of care. The recommendations report and the guidance workshops enabled the OHSC to communicate the importance of tracking and submitting accurate AR data to the regulator by the health establishments and allowed the OHSC to demonstrate how this information relates to the provision of quality healthcare services.

Achievement of Strategic Outcomes (continued)

During the reporting period, a number of inspection tools were finalised and approved. 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. The guidance workshops provide a unique and important opportunity for the OHSC to

engage with health system managers and leaders on the inspection tools and to prepare for the inspection process. This process also allows the health establishments to prepare themselves for the routine inspections by the OHSC and to also undertake self-assessments. These are critical processes in facilitating compliance with norms and standards for the different categories of health establishments.

Linking performance with budgets

Programme	2021/2022			2020/2021		
	Budget	Actual expenditure	(Over)/Under expenditure	Budget	Actual expenditure	(Over)/Under expenditure
Health Standards Design, Analysis and Support	13,395,909	9,827,755	3,568,154	12,743,929	9,189,268	3,554,661

The HSDAS programme has achieved its planned targets for the year under review. As a result of the COVID-19 pandemic, these consultations were generally conducted through virtual means. Further, additional savings arose from a vacant post which could not be filled during the year due to unavailability of suitable skills.

Reporting on the Institutional Response to the COVID-19 Pandemic

Progress on Institutional Response to the COVID-19 Pandemic

Programme/ Sub Programme	Intervention	Geographic location (Province/ District/local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
HSDAS	Workshops were provided through virtual platforms to ensure continuity of guidance and support despite the restrictions of the COVID-19 regulations	N/A	N/A	N/A	Operational budget	Operational budget	Guidance workshops on norms and standards regulations conducted	Facilitate achievement of compliance with norms and standards regulations for different categories of health establishments
HSDAS	Requirements related to management of COVID-19 infection were included in the inspection tools	N/A	N/A	N/A	Operational budget	Operational budget	Guidance workshops on norms and standards regulations conducted	Facilitate achievement of compliance with norms and standards regulations for different categories of health establishments

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.

The envisaged outcome of the programme and its targets are set out below:

Outcome 5: Compliance with norms and standards is increased		
Outcome Indicator	Baseline	Five-year target
Percentage of health establishments issued with a certificate of compliance within 15 days of the date of the final inspection report	New indicator	100%
Percentage of health establishments against which enforcement action has been initiated within 10 days of the date of the final additional inspection report	New indicator	100%
Number of status reports on health establishment compliance published every six months	New indicator	10

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Compliance with norms and standards increased	5.1 Compliant health establishments are issued with a certificate of compliance	5.1.1 Percentage of HEs issued with a certificate of compliance within 15 days from the date of the final inspection report	New indicator	100% 33 out of 33 health establishments were recommended for certification	100%	85.19% 161 out of 189 health establishments recommended for certification were certified within 15 days	-14.81%	The planned target was not achieved due to human resource constraints. The unit has since expanded its administrative capacity in order to mitigate against delays in the issuing of certificates



Outcomes, Outputs, Output Indicators, Targets and Actual Achievement (continued)

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
	5.2 Enforcement action is taken against non-compliant health establishments	5.2.1 Percentage of HEs against which enforcement action is initiated within 10 days from the date of the final inspection report	New indicator	0%	100%	0% (0/23)	-100%	Although all non-compliant facilities were issued compliance notices and given time to correct non-compliance, enforcement may not begin until an additional inspection that confirms the health establishment's persistent non-compliance is completed. During the 2021/2022 financial year, the first group of HEs issued with notices of non-compliance were subjected to a re-inspection process. At the end of the fiscal year 2021/2022, 24 re-inspection reports were completed. The office is in the process of completing enforcement action against the identified health establishments, which is expected to be finalised by the end of quarter 1 2022/2023
	5.3 Health establishment compliance status reports are published	5.3.1 Number of health establishment compliance status reports published	New indicator	1	2	2	None. Target met	None. Target met



Linking performance with budgets

Programme	2021/2022			2020/2021		
	Budget	Actual expenditure	(Over)/Under expenditure	Budget	Actual expenditure	(Over)/Under expenditure
Certification and Enforcement	2,692,353	2,154,426	537,927	2,660,511	2,244,676	415,835

This is a relatively new program. A large portion of the budget was for employee compensation. Savings arose from provision for legal services and travel expenditure, which were not utilised.

Achievement of strategic outcomes

A large proportion of health establishment inspected for compliance with norms and standards regulations were found to be non-compliant, and therefore not eligible for certification. Thirty-three and 189 health establishments were recommended for certification during 2020/21 and 2021/22, respectively. Although all the recommended health establishment were issued with certificates of compliance during the period under review, only 161 were certified within 15 days of the recommendation date, as per turnaround times specified in the Certification and Enforcement Policy.

All health establishments that were not compliant with the norms and standards were issued with compliance notices, giving them an opportunity to remedy the identified breaches. Twenty-four health establishments were recommended for enforcement action. Enforcement action for these health establishment is underway and will be completed during quarter 1 of 2022/23 financial year.

Strategy to overcome under-performance

The OHSC is currently conducting a review the entire inspection, certification, and enforcement process. The aim will be to improve effectiveness and remove obstacles to finalisation of the enforcement process. Steps taken so far include:

- Enforcement Management Committee was established; and
- Warning letters to non-compliant health establishments recommended for enforcement action have been drafted and will be sent to health establishments during the first quarter of 2022/23.

In addition, the Certification and Enforcement programme will undertake the following activities to improve performance:

- Learn from what led to under performance;
- Put systems in place for effective and efficient execution of the mandate; and
- Improve internal processes to ensure effective and efficient functioning, including the development of an enhanced enforcement action referral system.



11. REVENUE COLLECTION

Source of revenue	Estimate	Actual amount collected	(Over)/Under collection	Estimate	Actual amount collected	(Over)/Under collection
Government grant	151,889,000	157,997,172	(6,108,172)	143,970,000	137,648,000	6,322,000
Interest received	-	2,034,038	(2,034,038)	-	1,545,588	(1,545,588)
Other income	-	43,162	(43,162)	-	-	-
TOTAL	151,889,000	160,074,372	(8,185,372)	143,970,000	139,193,588	4,776,412

The full allocation of the OHSC was received from the national fiscus. In addition, a further R6 million was received from the national fiscus to boost capacity in the Compliance Inspectorate programme. However, this additional funding was received with only one month of the financial left, and it was not feasible to utilise the funds before the close of the financial year.

Further, the OHSC has an investment policy in place through which funds which are not immediately required for use are invested. Through this policy, an additional R2 million was generated in interest.

12. CAPITAL INVESTMENT

During the year under review, there were no capital projects undertaken. The purchase of assets was largely related to normal tools of trade in the course of business.

A full asset verification exercise was undertaken, and an asset register was maintained during the year. The carrying amounts of the assets are reported in the relevant section of the annual financial statements.



PART C: GOVERNANCE



13. INTRODUCTION

The OHSC is a juristic person, established by Section 79A of the National Health Amendment (NHAA) Act, 12 of 2013. and functions under the control of the Board appointed in terms of Section 79C of the aforementioned act.

The Board operates under the enabling provisions of the NHAA and the applicable provisions of the PFMA. In addition, the Board also subscribes to the principles of corporate governance as contained in the King IV Code.

14. PORTFOLIO COMMITTEES (if applicable)

The following presentations were made to the Portfolio Committee on Health:

- a. 7 May 2021 - The Board presented the 2021/22 Annual Performance Plan to the Committee.
- b. 17 November 2021 - The Board presented the Annual Report 2020/21 to the Committee.
- c. 30 March 2022 - The Board presented its 2022/23 Annual Performance Plan to the Committee.

15. EXECUTIVE AUTHORITY

In line with statutory requirements, the OHSC submitted the following reports during the 2021-2022 financial year period.

Report/document type	Date submitted	Executive authority comment
Quarter 4: 2020-2021 Performance Information Report	Friday 30 April 2021	None
Quarter 1: 2021-2022 Performance Information Report	Friday 30 July 2021	None
Quarter 2: 2021-2022 Performance Information Report	Friday 29 October 2021	None
Quarter 3: 2021-2022 Performance Information Report	Monday 31 January 2022	None



16. THE ACCOUNTING AUTHORITY/BOARD

INTRODUCTION

1. The importance and purpose of the Board.
2. Board's responsibilities and accountable for the public entity's performance and strategic direction.

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 line with 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 of 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 2 February 2020 and will end on 6 February 2023. There is diversity in the Board in terms of skills and competencies as prescribed by Section 79B of the NHAA.

There were no resignations, outgoing members or new appointments during the year under review.

Composition of the Board

Name	Designation	Date appointed	Date resigned	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 E M Kenoshi (Chairperson)	Chairperson	07/02/2020	NA	MBChB, DTM&H, Master's in public health (Hospital Management), Advanced Certificate in Healthcare Management	Public Health	None	EXCO	11
Ms OA Montshiwa	Deputy Chairperson	07/02/2020	NA	Diplomas in General Nursing, Diploma in Midwifery, Bachelor of Nursing and Honours in Community Health	Nursing	none	Deputy Chairperson	8
Prof MN Chetty	Member	07/02/2020	NA	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	CEC Com	8
Mr AK Hoosain	Member	07/02/2020	NA	B Com Honours, CA (SA), Certificate in Forensic Accounting, and MBA	Accounting	Council for Medical Schemes, SAICA and University of Western Cape	ARF Com EXCO	8
Prof K Mfenyana	Member	07/02/2020	NA	Teaching Diploma, BSc Degree, MBChB, Masters in Family Medicine	Academic	HPCSA	CEC Com	12
Dr L Simelane	Member	07/02/2020	NA	BSc, MBChB, University Education Diploma, BSc (Zoology and Botany)	Public Health	None	CEC Com HR and REM	12
Ms R Msibi	Member	07/02/2020	NA	Degree: Nursing Administration and Education, NHD: General, Midwifery and Psychiatry, ND: Unit Management, ND: Primary Healthcare	Labour	None	CEC Comm HR and Rem Com	10

Composition of the Board (continued)

Name	Designation	Date appointed	Date resigned	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 M Sengwana	Member	07/02/2020	NA	ND: General, Community and Psychiatry, ND: Critical Care Nursing Science, Masters in Public Health, Doctor of Philosophy	Research	None	CEC Com ARF Com	9
Dr Adv M Peenze	Member	07/02/2020	NA	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	ARF Com HR Com EXCO	10
Prof U Chikte	Member	07/02/2020	NA	PhD, MSc, MDent, DHSM, BChD	Education	None	HR and Rem Com CEC	12
Prof K Househam	Member	07/02/2020	NA	MBChB	Public Health and Management	South African Health Products Authority, St Luke's Community Hospices	ARF Com	8

COMMITTEES

Committee	No. of meetings held	No. of members	Name of members
Audit, Risk and Finance Committee (ARF Com)	4 ordinary and 3 Special	5	Mr AK Hoosain (Chairperson)
			Dr Adv M Peenze
			Dr M Sengwana
			Prof K Househam
Certification and Enforcement Committee (CEC)	4 ordinary and 2 Special	6	Ms OA Montshiwa (Chairperson)
			Prof MN Chetty
			Dr M Sengwana
			Ms R Msibi
			Prof K Mfenyana
			Dr L Simelane
Human Resource and Remuneration Committee (HR and Rem Com)	4 ordinary and 5 Special	4	Dr Adv M Peenze (Chairperson)
			Ms R Msibi
			Prof U Chikte
			Ms OA Montshiwa
Executive Committee of the Board	2	5	Dr E Kenoshi
			Ms OA Montshiwa
			Mr AK Hoosain
			Dr Adv M Peenze

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

During the financial year, the OHSC reviewed its risk management policy and strategy to ensure that they remain relevant to changing conditions. The Board's risk management policy requires 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:

- Establishing an appropriate level of risk for 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 436 666 – that is, 1% the total revenue of R143 666 577 in the 2020/21 financial year.

Significance

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

- Establishment or participation in the establishment of a company or public entity;
- Participation in a significant partnership, trust, unincorporated joint venture, public-private partnerships or similar arrangement;
- Acquisition or disposal of a significant shareholding in a company;
- Acquisition or disposal of a significant asset that would significantly affect the operations of the OHSC;
- Commencement or cessation of significant business activity;
- A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated;
- Formation of joint venture or similar arrangement;
- A material infringement of legislation that governs the OHSC;
- Material losses resulting from criminal or fraudulent conduct in excess of the materiality parameters; and
- All material facts and/or events, including those reasonably discoverable, which 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 monitor 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, where necessary, the Board adopts recommendations from the committee to improve 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 the annual audit and planned audits respectively 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; and
 - 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; and
- 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 AK Hoosain	B Com Honours, CA (SA), Certificate in Forensic Accounting, and MBA	External	–	7/02/2020	–	6
Prof K Househam	MBCHB	External	–	7/02/2020	–	6
Dr Adv M Peenze	Doctor Technologiae: Business Administration, Magister Legum: Human Rights, Baccalaureus Legum, Baccalaureus Iuris	External	–	7/02/2020	–	6
Dr M Sengwana	ND: General, Community and Psychiatry, ND: Critical Care Nursing Science, Masters in Public Health, Doctor of Philosophy	External	–	7/02/2020	–	6

20. COMPLIANCE WITH LAWS AND 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 (IF APPLICABLE)

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

The Audit, Risk and Finance Committee (ARF Committee) is pleased to present its report for the financial year ended 31 March 2022.

ARF 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. Internal audits were conducted on, quarterly performance reports (against pre-determined objectives), and programme performance in the Compliance Inspectorate, Complaints Management, Certification and Enforcement, as well as Health Standards Design, Analysis and Support. Control measures are being implemented to address the areas of weaknesses identified by the internal auditors. The ARF Committee will continue to monitor implementation of the recommendations and internal control measures emanating from internal audits.

IN-YEAR MONITORING AND QUARTERLY REPORTS

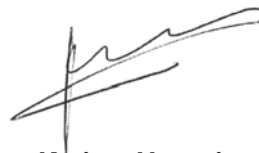
The OHSC submitted quarterly reports to the executive authority. The ARF Committee reviewed the reports and recommended them to the Board for approval.

The committee is satisfied with the progress reported by management in implementing plans and the Office's achievements as at the end of the 2021/22 financial year. The committee will continue to monitor and review the implementation of action plans to ensure that there is an improvement from the baseline set in the prior years of operation.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The ARF Committee reviewed the annual financial statements prepared by the public entity before submission to the external auditors and 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.



Kariem Hoosain

Chairperson

Audit, Risk and Finance 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
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



PART D:

HUMAN RESOURCE MANAGEMENT



29. INTRODUCTION

OVERVIEW OF HR MATTERS AT THE PUBLIC ENTITY

The Human Resources Management unit provides support services to OHSC employees and contributes to achieving strategic organisational goals and objectives by creating a conducive and productive workplace environment.

In order to ensure that strategic goals of the organisation are realised, a number of human resources programmes were put in place for the financial year under review. These programmes included amongst others: recruitment of staff, employee wellness programme, COVID-19 management initiatives, training and development, review and development of policies, secondment of employees to Health Ombud, performance management, implementation of the integrated human resources and payroll system, as well as implementation of new structure.

30. ACHIEVEMENTS OF 2021/22

RECRUITMENT OF STAFF

Despite challenges encountered to fill vacant posts within four months period as stated in the Annual Performance Plan, overall, 97% (123/127) of funded posts were filled as at 31 March 2022. This represented a significant improvement from the 2020/21 in which 94% of the funded posts were filled by end of the financial year. The challenges relating to filling of posts within the four months period is attributed to a number of external factors which include amongst others, inability to find suitable candidates from the first round of recruitment, or suitable candidates found and then declining the offer at the last moment, leading to numerous rounds of recruitment, and candidates having to serve notice which is longer than a month.

EMPLOYEE WELLNESS AND HEALTH RISK ASSESSMENT PROGRAMME

An Employee Wellness programme was implemented to ensure the well-being of employees. For purposes of ensuring that employee's confidentiality is preserved and protected, the OHSC appointed an external service provide to offer employee wellness services. As part of employee wellness programme, health risk assessment of employees was conducted 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. Participation in this process was voluntary.

COVID 19 RESPONSE MANAGEMENT INITIATIVES

The OHSC implemented a comprehensive COVID-19 response management plan and preventative measures in order to manage the infection and spread of virus

within the organisation. The preventative measures included amongst others, procurement of personal protective equipment (PPEs), implementation of COVID-19 protocols, ensuring that office premises have sufficient ventilation, promoting physical distancing, as well as continuous communication with employees as and when developments occur.

Furthermore, the measures put in place included psycho-social support measures and awareness on the importance of vaccination. In this regard, counselling and psycho-social support were provided to employees by the wellness service provider.

As part of awareness on vaccination, continuous communication to employees through internal circulars and articles on vaccination were shared with employees and/or issued. As a result of this as of 31 March 2022, more than 70% of employees within OHSC were vaccinated.

SECONDMENT OF EMPLOYEES TO HEALTH OMBUD

During the year under review, the OHSC implemented the secondment of employees in the Complaints Management Division to Office the Health Ombud as required by section 81 (3) b) and (c) of the National Health Amendment Act no 12 of 2013. The Act requires that the Health Ombud be assisted by employees designated and seconded by the OHSC. The OHSC continued to offer support services which included amongst others information technology, human resources management, as well as finance and supply chain management service in line with the relevant applicable policies and prescripts.

CERTIFICATION OF INSPECTORS

The OHSC requires that the inspectors who conduct inspections of health for compliance with norms and standards, as part of their duties, be certified upon completion of the training course approved by OHSC. In this regard, during the year under review, of the 42 Inspectors in the employ of OHSC, 40 were certified by the end of the reporting period. This constitutes 95.02% (40/42) of certified Inspectors.

TRAINING AND DEVELOPMENT

Skills development is key towards capacitating the employees of the OHSC towards achievement of organisational goals. For purposes of enhancing the knowledge and skills of the employees, a Consolidated Workplace Skills Plan was developed and implemented. The plan was based on training needs identified by the employees in their respective personal development plans. The training programmes attended by employees included amongst others; conferences, short courses, seminars and change management workshop.

PERFORMANCE MANAGEMENT

A performance management system was implemented to main a culture of productivity and enhance the morale of the employees. This was aimed at ensuring that employees have clarity and focus in executing their tasks to enable the organisation to achieve its strategic goals.

For the year under review, the performance management was implemented to also recognise and appreciate and further encourage the employees to contribute towards achieving the organisational strategic objectives.

REVIEW AND DEVELOPMENT OF POLICIES

For the year under review, the OHSC embarked on the review of some of its human resources policies. These included the leave policy, training and development policy, recruitment and selection policy, grievance and dispute handling policy, disciplinary policy and conflict of interest policy. Other policies which have an effect on employees' conditions of service which have been reviewed and therefore in consultation process include, working from home policy, interdepartmental transfer policy, fixed term contract policy and disability policy.

IMPLEMENTATION OF THE INTEGRATED HUMAN RESOURCES AND PAYROLL SOFTWARE SYSTEM

An integrated human resources and payroll system was implemented in order to harmonise employee conditions of service and also improve administrative efficiency. The new payroll system will ensure automation in some key functions, as well as reducing the administrative burden of managing human resources and payroll administration.

31. CHALLENGES ENCOUNTERED

Despite the progress made in so far as achievement of activities indicated above, there were also challenges that had to be confronted and such challenges included, amongst others:

LIMITED PERSONNEL FUNDING

Due to budgetary constraints, only 127 of the 247 posts provided for in the structure are funded. This means that a significant number of posts which amount to 52% cannot be filled as they are not funded. The ripple effect of this is that it negatively affects the target setting and ultimately the capacity of the OHSC to fulfil its mandate as the service delivery is compromised in the process.

TRAINING AND DEVELOPMENT

Procuring of service providers for training that could be provided virtually in order to adhere to the social distancing during COVID-19 has been noted as one of the challenges that had to be confronted. This caused

delays in rendering training to employees as some providers were still adapting to a new way of offering training.

FUTURE HR PLANS

For 2022/23, the OHSC will prioritise:

- The reviewing of outstanding policies to ensure that they are aligned with the implementation of the new structure and to the needs of the organisation;
- Finalise the implementation of the new structure and reprioritisation of the posts that could be filled taking into account the budgetary constraints of the organisation; and
- Continue with Management of COVID-19 in the workplace in line with new developments around the pandemic and also continue to educate employees on any developments pertaining to the pandemic.

32. HUMAN RESOURCE OVERSIGHT STATISTICS

PERSONNEL RELATED EXPENDITURE

Personnel cost by programme/ activity/ objective

Programme	Total expenditure(R)	Personnel expenditure(R)	Personnel expenditure as % of total expenditure	No of employees	Average personnel cost per employee(R)
Administration	68,759,560	26,870,310	18%	34	790,303
Compliance Inspectorate	49,718,575	40,270,924	26%	55	732,199
Complaints Management and Office of the Ombud	22,071,465	21,306,577	14%	20	1,065,329
Health Standards Design, Analysis, and Support	9,827,755	9,667,076	6%	11	878,825
Certification and Enforcement	2,154,426	2,139,999	1%	3	713,333
Total	152,531,781	100,254,886	66%	123	815,080

Personnel cost by salary band

Level	Personnel Expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
Executive management	10,184,439	10%	6	1,697,406
Senior management	14,393,833	14%	12	1,199,486
Professionally qualified and experienced specialists and mid-management	26,741,989	27%	27	990,444
Skilled technical and academically qualified workers, junior management and supervisors	40,405,912	40%	56	721,534
Semi-skilled and discretionary decision-making	8,540,806	9%	22	388,218
Total	100,254,886	100%	123	815,080

Performance Rewards

Level	Performance awards	Personnel Expenditure	% of performance rewards to total personnel cost
Executive management	23,803	10,184,439	0.02%
Senior management	46,487	14,393,833	0.05%
Professionally qualified and experienced specialists and mid-management	302,148	26,741,989	0.30%
Skilled technical and academically qualified workers, junior management and supervisors	234,589	40,405,912	0.23%
Semi-skilled and discretionary decision-making	86,821	8,540,806	0.09%
Total	693,848	100,254,886	1%

Training Costs

Programme//activity/ objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Administration	100,254,886	R1 040 566	1.04%	69	R15,081

Employment and vacancies 2021/22

Programme	No. of Employees 2020/21	Approved Posts 2021/22	No. of Employees 2021/22	Vacancies 2021/22	% of vacancies
Administration	32	35	34	1	3%
Compliance Inspectorate	54	55	55	0	0%
Complaints Management and Office of the Ombud	20	22	20	2	9%
Health Standards Design, Analysis, and Support	10	12	11	1	8%
Certification and Enforcement	3	3	3	0	0%
Total	119	127	123	4	3%

Employment and vacancies by post level 2021/22

Programme/activity/objective	No. of Employees 2020/21	Approved Posts 2021/22	No. of Employees 2021/22	Vacancies 2021/22	% of vacancies
Top Management	5	6	6	-	0%
Senior Management	9	13	12	1	8%
Professionally qualified and experienced specialists and mid-management	26	27	27	-	0%
Skilled technical and academically qualified workers, junior management and supervisors	57	58	56	2	3%
Semi-skilled and discretionary decision-making	22	23	22	1	4%
Unskilled	-	-	-	-	
Total	119	127	123	4	3%

For the year under review most of the senior management posts were filled and only one post remained vacant as at the end of the reporting period. Numerous attempts have been made to fill the post to no avail and it is anticipated that it will be filled in the new financial year.

Employment changes by post level 2021/22

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	5	1	-	6
Senior Management	9	3	-	12
Professionally qualified and experienced specialists and mid-management	26	2	1	27
Skilled technical and academically qualified workers, junior management and supervisors	57	3	4	56
Semi-skilled and discretionary decision-making	22	1	1	22
Unskilled				
Total	119	10	6	123

During year under review, there were 10 new appointments, and employment of 6 employees was terminated as a result of resignations.

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	6	100%
Dismissal	0	0%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	6	100%

During the year under review, six employees resigned.

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	1
Final Written warning	0
Dismissal	0
Total	1

Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	2	-	-	-	-	-	-
Senior management	7	-	-	-	1	1	-	1
Professionally qualified and experienced specialists and mid-management	9	8	1	1	-	-	-	-
Skilled technical and academically qualified workers, junior management and supervisors	14	11	-	1	-	-	1	1
Semi-skilled and discretionary decision-making	10	7	-	1	-	-	-	1
Unskilled	-	-	-	-	-	-	-	-
Total	42	33	1	4	1	1	1	3

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	3	2	-	1	-	1	-	-
Senior management	3	3	-	-	1	-	-	1
Professionally qualified and experienced specialists and mid-management	16	17	-	-	-	-	1	1
Skilled technical and academically qualified workers, junior management and supervisors	41	43	-	-	-	-	-	-
Semi-skilled and discretionary decision-making	11	13	-	-	-	1	1	1
Unskilled	-	-	-	-	-	-	-	-
Total	74	78	-	1	2	1	2	3

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top management	-	-	-	-
Senior management	-	-	-	-
Professionally qualified and experienced specialists and mid-management	-	-	-	-
Skilled technical and academically qualified workers, junior management and supervisors	-	-	-	-
Semi-skilled and discretionary decision-making	-	1	1	1
Unskilled	-	-	-	-
Total	-	1	1	1

For the year under review, more efforts were made to ensure that the workforce composition reflects the demographics of the South African society with emphasis on historically disadvantaged groups across key occupational categories.

PART E: FINANCIAL INFORMATION



Report of the Auditor-General to Parliament on the Office of Health Standards Compliance

Report on the audit of the financial statements

OPINION

1. I have audited the financial statements of the Office of Health Standards Compliance set out on pages 73 to 107, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of Health Standards Compliance as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of General Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act No. 1 of 1999 (PFMA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Report on the audit of the annual performance report

INTRODUCTION AND SCOPE

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the [type of auditee] enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the public entity's annual performance report for the year ended 31 March 2022:

Programmes	Pages in the annual performance report
Programme 5 – Certification and Enforcement	42 – 44

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 5 – Certification and Enforcement

OTHER MATTERS

15. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

16. Refer to the annual performance report on pages 16 to 45 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets

Report on the audit of compliance with legislation

INTRODUCTION AND SCOPE

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

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

Other information

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

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



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

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

Auditor-General

Pretoria

29 July 2022



Internal control deficiencies

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



Index

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

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Accounting Authority's Responsibilities and Approval

The accounting authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is 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 was 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 2022 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 71-105, which have been prepared on the going concern basis, were approved by the accounting authority on 28 July 2022 and were signed on its behalf by:



Dr. S Mndaweni
Chief Executive Officer



Dr. E Kenoshi
Chairman of the board

Accounting Authority's Report

The accounting authority submit their report for the year ended 31 March 2022.

1. INCORPORATION

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

2. REVIEW OF ACTIVITIES

Main business and operations

The OHSC's mandate is to protect and promote the health and safety of users of health services by:

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

Net surplus of the entity was R11,044,523 (2021: R6,112,583). This surplus arose largely due to revenue generated as interest on investment, as well as additional transfer from the national fiscus to the OHSC baseline

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 the fact that as at 31 March 2022, the entity had accumulated surplus of R65,768,859 and that the entity's total assets exceeds its liabilities by R65,768,859. The surplus arose largely due to additional revenue received from the national fiscus, interest revenue generated, commitments that straddle financial years and lower than budgeted salary increases.

4. SUBSEQUENT EVENTS

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

5. ACCOUNTING POLICIES

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



Statement of Financial Position as at 31 March 2022

Figures in Rand	Note(s)	2022	2021
Assets			
Current Assets			
Receivables from exchange transactions	3	1,248,146	1,130,353
Receivables from non-exchange transactions	4	214,990	15,700
Cash and cash equivalents	5	64,528,400	51,016,549
		65,991,536	52,162,602
Non-Current Assets			
Property, plant and equipment	6	9,779,463	11,491,956
Intangible assets	7	2,373,715	4,075,435
		12,153,178	15,567,391
Total Assets		78,144,714	67,729,993
Liabilities			
Current Liabilities			
Operating lease liability	8	317,952	627,405
Payables from exchange transactions	9	6,452,833	5,076,226
Provisions	10	5,605,070	7,302,030
		12,375,855	13,005,661
Total Liabilities		12,375,855	13,005,661
Net Assets		65,768,859	54,724,332
Accumulated surplus		65,768,859	54,724,332
Total Net Assets		65,768,859	54,724,332

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021
Revenue			
Revenue from exchange transactions			
Interest received - investment	11	2,034,038	1,545,588
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	12	157,997,172	137,648,000
Other income	13	43,162	-
Total revenue from non-exchange transactions		158,040,334	137,648,000
Total revenue	14	160,074,372	139,193,588
Expenditure			
Compensation of employees	15	(100,254,886)	(89,781,490)
Board fees and related costs	28	(1,082,252)	(959,202)
Depreciation and amortisation	6&7	(6,893,015)	(7,068,644)
Operating expenses	16	(40,799,696)	(35,271,669)
Total expenditure		(149,029,849)	(133,081,005)
Surplus (deficit) for the year		11,044,523	6,112,583

Statement of Changes in Net Assets

Figures in Rand	Accumulated Surplus	Total Net Assets
Balance at 01 April 2020	50,841,560	50,841,560
Changes in net assets		
Deficit for the year	6,112,583	6,112,583
Funds surrendered	(2,229,811)	(2,229,811)
Total changes	3,882,772	3,882,772
Balance at 01 April 2021	54,724,332	54,724,332
Changes in net assets		
Surplus for the year	11,044,523	11,044,523
Total changes	11,044,523	11,044,523
Balance at 31 March 2022	65,768,859	65,768,859

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Receipts			
Grants		157,997,172	137,648,000
Interest income		2,034,038	1,545,588
Insurance proceeds		43,162	-
		160,074,372	139,193,588
Payments			
Compensation of employees		(100,254,886)	(89,738,967)
Suppliers		(41,723,450)	(37,576,048)
Board payments		(1,082,252)	(959,202)
		(143,060,588)	(128,274,217)
Net cash flows from operating activities	18	17,013,784	10,919,371
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(1,687,165)	(627,632)
Purchase of other intangible assets	7	(1,814,767)	(2,005,194)
Net cash flows from investing activities		(3,501,932)	(2,632,826)
		13,511,852	8,286,545
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		51,016,548	42,730,003
Cash and cash equivalents at the end of the year	5	64,528,400	51,016,548

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchangetransactions						
Interest received – investment	-	-	-	2,034,038	2,034,038	
Other income	-	-	-	43,162	43,162	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	151,889,000	-	151,889,000	157,997,172	(6,108,172)	
Total revenue	151,889,000	-	151,889,000	160,074,372	(8,185,372)	
Expenditure						
Personnel	(105,444,163)	-	(105,444,163)	(100,254,886)	5,189,277	
Board fees and related costs	(1,491,339)	-	(1,491,339)	(1,082,252)	409,087	
Depreciation and amortisation	-	-	-	(6,893,015)	(6,893,015)	
Operating expenses	(42,514,121)	-	42,514,121)	(40,799,696)	1,714,425	
Total expenditure	(149,449,623)	-	(149,449,623)	(149,029,849)	419,774	
Surplus	2,439,377	-	2,439,377	11,044,523	8,605,146	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	2,439,377					

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	-	-	-	1,248,146	1,248,146	
Receivables from non-exchange transactions	-	-	-	214,990	214,990	
Cash and cash equivalents	-	-	-	64,528,400	64,528,400	
				65,991,536	65,991,536	
Non-Current Assets						
Property, plant and equipment	848,127	-	848,127	9,779,463	8,931,336	
Intangible assets	1,591,250	-	1,591,250	2,373,715	782,465	
	2,439,376	-	2,439,377	12,153,178	9,713,801	
Total Assets	2,439,377	-	2,439,377	78,144,714	75,705,337	
Liabilities						
Current Liabilities						
Operating lease liability	-	-	-	317,952	317,952	
Payables from exchange transactions	-	-	-	6,452,833	6,452,833	
Provisions	-	-	-	5,605,070	5,605,070	
	-	-	-	12,375,855	12,375,855	
Total Liabilities	-			12,375,855	12,375,855	
Net Assets	2,439,377	-	2,439,377	65,768,859	63,329,482	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	2,439,377	-	2,439,377	65,768,859	63,329,482	

Accounting Policies

Figures in Rand

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.

Accounting Policies (continued)

Figures in Rand

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.

1.4 Significant judgements and sources of estimation uncertainty (continued)

Effective interest rate

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

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

Accounting Policies (continued)

Figures in Rand

1.5 Property, plant and equipment (continued)

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

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

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

1.6 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

Where the carrying amount of an item of intangible 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.

Accounting Policies (continued)

Figures in Rand

1.6 Intangible assets (continued)

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.

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

Accounting Policies (continued)

Figures in Rand

1.7 Financial instruments

the asset is impaired. Significant financial difficulties of the debtor, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured for all the debtors with an indication of impairment. Impairments are determined based on the risk profile of each debtor. Amounts that are receivable within 12 months from the reporting date are classified as current. The carrying amount of an asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance within the operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognised as recoveries in the statement of financial performance.

Trade and other payables

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

Derecognition

Financial assets

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

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

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

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

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

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

Financial liabilities

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

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

Accounting Policies (continued)

Figures in Rand

1.7 Financial instruments (continued)

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 (Act No 58 of 1962).

1.9 Leases

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

1.10 Employee benefits

Short-term employee benefits

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

Defined contribution plans

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

Accounting Policies (continued)

Figures in Rand

1.11 Provisions and contingencies (continued)

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 21.

1.12 Commitments

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

1.13 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable. Revenue is recognised to the extent that is probable that the

economic benefits will flow to the OHSC and revenue can be reliably measured. Revenue is measured at fair value of the consideration receivable on an accrual basis. Revenue includes investments and non-operating income exclusive of 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.

Accounting Policies (continued)

Figures in Rand

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

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

Irregular expenditure that was incurred and identified during the current financial year and for which condonation is being awaited at year end must be

recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

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

1.18 Budget information

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

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

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

The approved budget covers the fiscal period from 01/04/2021 to 31/03/2022.

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 not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 27.

Accounting Policies (continued)

Figures in Rand

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.

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

- Controlling party - refers to the 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 and other members of the Executive Management Committee.
- Close family members of key management personnel and Board members of the OHSC.
- In accordance with GRAP 20, as a minimum, the following shall be considered to be close family members:
 - that person's children and spouse or domestic worker;
 - children of that person or that person's spouse or domestic worker
 - dependants of that person or that person's spouse or domestic worker;
 - a grandparent, grandchild, parent, brother, or sister; and

- a parent - in - law, brother - in - law sister - in - law.
- Entities under the same control - refers to public entities that are under the control of the NDoH, under which the OHSC reports.

1.20 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.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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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 2021 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 25: Employee Benefits	Not yet effective	The impact of the change is not material

3. Receivables from exchange transactions

Prepaid expenses	1,248,146	1,130,353
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4. Receivables from non-exchange transactions

Sundry debtors	214,990	15,700
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5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4,000	3,906
Bank balances	9,391,179	7,156,614
Short-term deposits	55,133,221	43,856,029
	64,528,400	51,016,549

Notes to the Annual Financial Statements

Figures in Rand

6. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulate depreciatio and accumulated impairment	Carrying value
Office equipment	3,149,003	(2,542,253)	606,750	3,129,823	(2,185,436)	944,387
Furniture and fixtures	6,313,575	(2,525,104)	3,788,471	6,291,542	(1,912,910)	4,378,632
Motor vehicles	1,537,148	(1,373,934)	163,214	1,537,148	(1,088,377)	448,771
IT equipment	12,196,646	(7,443,956)	4,752,690	10,648,762	(5,621,737)	5,027,025
Leasehold improvements	1,102,255	(633,917)	468,338	1,102,255	(409,114)	693,141
Total	24,298,627	(14,519,164)	9,779,463	22,709,530	(11,217,574)	11,491,956

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
Total	11,491,956	1,687,165	(23,129)	(3,376,529)	9,779,463

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Office equipment	1,316,877	163,126	-	(535,616)	944,387
Furniture and fixtures	4,979,199	10,447	-	(611,014))	4,378,632
Motor vehicles	782,857	-	-	(334,086)	448,771
IT equipment	6,528,370	454,059	(20,637)	(1,934,767)	5,027,025
Leasehold improvements	917,943	-	-	(224,802)	693,141
Total	14,525,246	627,632	(20,637)	(3,640,285)	11,491,956

Notes to the Annual Financial Statements

Figures in Rand

7. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated Amortisation and accumulated impairment	Carrying value
Computer software, other	16,522,949	(14,149,234)	2,373,715	14,708,182	(10,632,747)	4,075,435

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

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software, other	5,498,600	2,005,194	(3,428,359)	4,075,435

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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8. Operating lease liabilities

Current liabilities	(317,952)	(627,405)
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This represents a difference between the actual lease payments and the straight-lined amount arising from the lease agreement

9. Payables from exchange transactions

Trade payables	2,898,052	1,160,320
Accrued expenses	3,554,781	3,915,906
	6,452,833	5,076,226

10. Provisions

Reconciliation of intangible assets - 2022

	Opening balance	Utilised	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

The bonus provision was used to pay bonuses, and the remaining balance after bonus payments were reversed

Reconciliation of intangible assets - 2021

	Opening balance	Utilised	Total
Provision for performance bonuses	1,387,696	-	1,387,696
Provision for leave	5,871,812	42,522	5,914,334
	7,259,508	42,522	7,302,030

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
11. Investment revenue		
Interest revenue		
Bank	2,034,038	1,545,588
Interest from call investment account.		
12. Government grants and subsidies		
Operating grants		
Government grant	157,997,172	137,648,000
13. Other income		
Insurance proceeds	43,162	-
14. Revenue		
Interest received - investment	2,034,038	1,545,588
Government grants & subsidies	157,997,172	137,648,000
Insurance proceeds	43,162	-
	160,074,372	139,193,588
The amount included in revenue arising from exchanges of goods or services are as follows:		
Interest received - investment	2,034,038	1,545,588
Insurance proceeds	43,162	-
The amount included in revenue arising from non-exchange of goods or services are as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	157,997,172	137,648,000
	-	-
	157,997,172	137,648,000

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
15. Employee related costs		
Basic salary	71,926,056	65,086,119
Service and performance bonus	4,366,418	4,361,745
Medical aid - company contributions	3,183,087	2,797,257
Unemployment Insurance Fund	204,703	157,941
Compensation fund	147,612	172,707
Leave paid and provided for	238,412	868,651
Pension-employer contribution	8,553,661	7,753,667
Long-service awards	38,200	-
Other non-pensionable allowances	11,081,149	8,331,868
Bargaining council	3,398	3,463
Inconvenience allowance	512,190	248,072
	100,254,886	89,781,490

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
16. Operating expenses		
Advertising	592,576	366,207
Audit cost (refer to note 17)	1,418,445	1,217,844
Bank charges	91,535	63,482
Cleaning services	700,951	1,845,280
Consulting and professional fees	1,626,408	1,361,065
Consumables	1,105,741	944,828
Legal fees	865,970	542,138
Insurance	197,374	268,914
IT maintenance and support	3,611,966	4,819,342
Marketing and publication	498,344	1,263,578
Motor vehicle expenses	131,425	80,870
Staff relocation	23,729	60,301
Postage and courier	17,883	8,497
Printing and stationery	526,528	352,118
Security expense	865,105	682,882
Subscriptions and membership fees	169,691	278,942
Telephone and fax	2,002,457	1,741,249
Training and skills development	1,040,566	393,210
Travel, subsistence and accommodation (refer to note 30)	9,723,354	4,533,873
Water, electricity, rates and taxes	3,028,101	3,927,463
Repairs and maintenance	884,717	204,071
Catering services	53,357	35,775
Operating lease costs	11,498,162	10,259,103
Loss or theft of assets	23,130	20,637
Venue and facilities	102,181	-
	40,799,696	35,271,669

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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17. Audit cost

Internal audit	592,245	391,624
External audit	826,200	826,220
	1,418,445	1,217,844

18. Cash generated from (used in) operations

Surplus (deficit)	11,044,523	6,112,583
Adjustments for:		
Depreciation and amortisation	6,893,015	7,068,644
Movements in operating lease assets and accruals	(309,453)	(692,288)
Movements in provisions	(1,696,960)	42,522
Funds surrendered	-	(2,229,811)
Changes in working capital:	(117,793)	-
Receivables from exchange transactions	(199,290)	118,900
Other receivables from non-exchange transactions	1,376,607	478,184
Payables from exchange transactions	23,129	20,637
Adjustment for cost of lost asset	17,013,784	10,919,371

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

19. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

	At amortised cost	Total
Other receivables from exchange and 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

2021

Financial assets

	At amortised cost	Total
Other receivables from exchange and non-exchange transactions	15,700	15,700
Cash and cash equivalents	51,016,549	51,016,549
	51,032,249	51,032,249

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	5,076,226	5,076,226

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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20. Commitments

Already contracted for but not provided for

• Property, plant and equipment	1,982,756	83,438
• Intangible assets	55,718	295,670
	2,038,474	379,108

Total capital commitments

Already contracted for but not provided for	2,038,474	379,108
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The above capital commitments were made by year end, but the services will only be rendered after the end of the financial year

Operating leases liabilities - Office Space

Future minimum lease payments

• within one year	11,360,747	11,360,747
• in second to fifth year inclusive	6,627,102	17,987,849
	17,987,849	29,348,596

Annual escalation rate	8%
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The OHSC has an outstanding commitment in respect of lease of office space with Mergence Africa Property Investment Trust. The lease agreement expires on the 31 October 2023

Operating leases liabilities- Photocopying machine

Future minimum lease payments

• within one year	78,857	82,618
• in second to fifth year inclusive	-	46,098
	78,857	128,716

21. Contingencies

There are no contingent liabilities which the OHSC is aware of

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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22. Related parties

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

Related party transactions

Grant Received

National Department of Health	157,997,172	137,648,000
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Financial liabilities

Reimbursement

National Department of Health	-	2,229,811
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2022

Non-executive members - 2022

	Board fees	Reimbursement	Total
Dr. L Simelane	90,100	-	90,100
Dr. Adv 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
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
Prof. M Chetty	62,426	-	62,426
Prof. U Chikte	99,127	-	99,127
	717,482	387	717,869

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

22. Related parties (continued)

2021

	Board fees	Reimbursement	Total
Non-executive members - 2021			
Dr. L Simelane*	86,371	-	86,371
Dr. Adv M Peenze*	88,175	-	88,175
Prof. K Househam	66,643	-	66,643
Prof. K Mfenyana	84,764	-	84,764
Mr. A Hoosain	89,663	688	90,351
Dr. ME Kenoshi (Chairperson of the Board)	71,359	2,722	74,081
Ms. O.A Montshiwa (Vice Chairperson of the Board)	88,300	9,367	97,667
Prof. M Chetty	84,541	-	84,541
Prof. U Chikte	46,764	-	46,764
Ms. T Msibi	-	1,859	1,859
Dr. M Sengwana	-	535	535
	706,580	15,171	721,751

2022

	Basic salary	Pension fund	Non- pensionable allowances and other payments	Service and performance bonus	Leave payout	Reimbursement	Total
Executive Managers -2022							
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	-	-	1,335,342
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	10,172,345

Notes to the Annual Financial Statements

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22. Related parties (continued)

2021

	Basic salary	Pension fund	Non- pensionable allowances and other payments	Service and performance bonus	Leave payout	Reimbursement	Total
Executive Managers -2021							
Dr. S Mndaweni (Chief Executive Officer)	1,384,973	180,046	611,367	-	130,479	-	2,306,865
Prof. M Makgoba (Ombud)	1,560,174	-	668,646	-	-	-	2,228,820
Mr. J Mapatha (Chief Financial Officer)	943,528	122,659	203,083	78,627	-	-	1,347,897
Ms. W Moleko (Executive Manager: HSDAS)	902,313	117,301	194,212	75,193	-	1,128	1,290,147
Ms PM Montsho (Acting Executive Manger: Compliance Inspectorate)*	533,467	59,571	136,818	65,463	152,418	-	947,737
Dr. D Jacobs (Executive Manager: Complaints Management)**	233,868	30,403	78,164	-	-	-	342,435
	5,558,323	509,980	1,892,290	219,283	282,897	1,128	8,463,901

* Retired 31 October 2020

** Started 04 January 2021

*** Started 01 May 2021

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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23. 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 2022	Less than 1 Year	Between 1 2 and Years	Between 2 and 5 Years	Over 5 years	Total
Current Liabilities	12,375,855	-	-	-	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.

24. Going concern

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

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

25. Events after the reporting date

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

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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25. Fruitless and wasteful expenditure

Opening balance as previously reported in FY 2020/21	13,475	13,475
The fruitless and wasteful expenditure pertains to overpayment of leave credit. Payment arrangements have been made with concerned former employee.		

26. Reconciliation between budget and statement of financial performance

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

Net surplus (deficit) per the statement of financial performance	11,044,523	6,112,583
Adjusted for:		
(Over)/under collection	(8,185,372)	(1,545,588)
Over/(under) budget expenditure	(419,774)	428,532
Net surplus per approved budget	2,439,377	4,995,527

27. Board fees and related expenses

Board fees and reimbursements	717,869	721,751
Other expenditures	364,383	237,451
	1,082,252	959,202

Notes to the Annual Financial Statements

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28. Budget differences

Material differences between budget and actual amounts

Revenue

Actual revenue exceeded budgeted revenue due to the following reasons:

- An additional amount of R6,1 million received to support the inspection function
- Interest of R2 million received on investment

Compensation of employees

The OHSC implements salary increases as per the schedules issued by the Department of Public Service and Administration. Actual salary increases implemented were less than what was initially anticipated and budget for, hence the savings.

Goods and services

During the year under review, most of these activities were undertaken by virtual means as a result of the impact of COVID 19. A significant portion of savings arose from Board meetings, venues and facilities, as well as cleaning services

29. Travel, subsistence and accommodation

Travel	19,637	630,206
Accommodation	9,100,628	3,629,869
Subsistence	603,089	273,798
	9,723,354	4,533,873

Notes to the Annual Financial Statements

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31. Segment information

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

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

32. Impact of COVID-19

During the year under review, there were no significant changes to the operations of the OHSC, as most of the activities were either conducted physically or virtually. The OHSC continued to ensure that it continues to deliver on its mandate while effectively complying with the COVID-19 restrictions and guaranteeing the safety of its employees.

Despite the constraints on the national fiscus, the OHSC received its full allocation for the financial year as planned in the budget. In response to the COVID-19 pandemic, there was a significant increase in communication costs due to high usage of data, and also an increase in consumables' expenses due to acquisition of personal protective equipment for the staff. Most of the personal protective equipment was for the inspectors as they were required to visited health establishments to conduct inspections

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

Although the national government has lifted most of the restrictions related to COVID-19, the duration of the COVID-19 pandemic remains unclear at this time. Thus, the future consequences and impact of COVID-19 on the OHSC's financial position and results are uncertain. However, the situation will be monitored continuously through the risk management framework in place.

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