

Business Day

Irregular health expenses soar to R1.02bn

The Finance and Fiscal Commission notes that only the national health department and that of the Western Cape received unqualified audits in 2016-17

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The Finance and Fiscal Commission (FFC) has criticised the national Department of Health for not doing more to ensure provincial health departments improve their audit outcomes.

While provincial audit outcomes have improved since 2012-13, the pace of improvement has been slow, particularly over the past three years, the FFC's provincial budget analysis manager Ghalieb Dawood told Parliament on Tuesday.

The Eastern Cape, Mpumalanga, Limpopo and the Free State have been persistently poor performers, and all received qualified audits in 2016-17. The national health department and the Western Cape received unqualified audits in 2016-17, while Gauteng, KwaZulu-Natal, North West and Northern Cape received unqualified audits with findings.

"Even though the national health department has set a goal in its annual performance plan of five provincial departments achieving improved audit outcomes with no emphasis of matter, there is no indicator that explains how the department aims to assist provinces to achieve this target," Dawood said.

Fruitless and wasteful expenditure had soared from R871m in 2013-14 to R1.02bn in 2016-17. "Within a fiscally constrained environment, increased fruitless and wasteful expenditure is costly for provinces as budgets are under severe pressure."

Treasury has protected health spending despite the tight fiscal environment, and it increases slightly in real terms over the medium-term expenditure framework. However, the health sector's wage bill was consuming a high proportion of health expenditure, and crowding out spending on goods and services, he said.

The FFC was briefing Parliament's portfolio committee on health on its assessment of the department's annual performance plan. The department is expected to address the committee on Thursday.

The FFC's fiscal policy manager Eddie Rakabe drew attention to the size of the department's administrative programme, which is responsible for ensuring provincial health departments improve their audit outcomes. "The department should consider re-sizing the programme and directing resources to health districts, where they will help manage the budget and ensure the audit outcomes of the provinces improve," he said.

He also criticised the department for allocating too large a slice of its budget to consultants for National Health Insurance (NHI), saying the funds should rather be directed towards developing in-house skills. However, the department's head of regulation and compliance Anban Pillay subsequently told Business Day the FFC had misunderstood the department's plans.

"We do not plan to hire consultants with the NHI grant. The grant is intended for health service delivery such as school health services, [chronic medicine delivery], mental health services, oncology programmes, and GP contracting. We will be using private-sector health professionals to deliver services. I think FFC may have confused these professionals [with] consultants," he said.

Pillay said the department's chief financial officer had an extensive programme to support provinces to improve audit outcomes.

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