

FREE STATE DEPARTMENT OF HEALTH

ANNUAL REPORT 2004 /2005

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GENERAL INFORMATION

The Free State Department of Health is a dynamic and effective department, which is a leader in its field.

VISION, MISSION, VALUES, KEY ENABLERS, LEGISLATIVE MANDATE

The Vision of the Department is

"A healthy and self-reliant Free State community".

Mission

To achieve this vision through its mission, the department:

- Provides quality, accessible and comprehensive health services to the Free State community,
- Optimally utilizes resources to provide caring and compassionate services,
- Empowers and develops all personnel and stakeholders.

Values

The key determinants of relationships within the department are:

- Accountability,
- Batho Pele,
- Botho, commitment,
- Integrity and
- Interdependence

Key Enablers

Characteristics that enable effective functioning are seen as:

- A team approach
- Recognition that the department is a learning organisation
- Communication (internal and external)
- Innovation
- Partnership

Legislative Mandate

- During the 2004/2005 reporting period the Free State Department of Health derived its mandate from the following legislation:

- National Health Act (Act 63 of 1977)
- Free State Hospitals Act (Act 13 of 1996)
- Free State Health Act (Act 8 of 2000)
- Free State School Health Services Act (Act 11 of 1998)
- Free State Initiation School Health Act 1 of 2004
- Free State Nursing Education Act (Act 15 of 1998).

The department functions within the provisions of all applicable national legislation including:

- Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999)
- Public Service Act, 1994 (Proclamation 103 of 1994)
- Labour Relations Act (Act 66 of 1995)

The legislation and policies and their impact on the implementation of the Strategic Plan and Business Plan for 2004/2005 are described where relevant under each budget programme.

REPORT OF THE EXECUTIVE AUTHORITY

INTRODUCTION AND SIGN-OFF BY MEC

In compliance with the requirements of the PFMA, Treasury regulations and the health sector format for Annual Reports of provincial departments; the 2004/2005 Annual Report of the Free State Department of Health directly accounts for the implementation of the Strategic Plan as tabled in the Legislature.

The scorecard shows that during the 2004/2005 financial year a 96% success rate was achieved with regard to promises made at the start of the financial year. 51 out of the 53 promises contained in the budget speech were either achieved or are progressing well. This is the result of careful and realistic planning and efficient management.

The plight of persons, whose lives and health are affected by communicable diseases, is being relieved by the implementation of a well-planned and implemented comprehensive plan for the management of HIV and AIDS. This plan will be strengthened and eventually be integrated into routine services.

The COHSASA accreditation programme is contributing to the improvement of quality services in all hospitals. Unusual incident management action deals with incidents which occur outside the high standards of this programme.

The facilities plan is steadily ensuring access to Primary Health Care for all the people of our province by upgrading and expanding the clinic, Community Health Centres and hospital network in the province.

The District Health System is steadily progressing in line with national planning frameworks. District Health plans have been developed in line with the IDPs of local government, which establish referral systems to ensure that each patient can be treated at the appropriate level.

Many challenges still remain including that of meeting the rapidly increasing need for health care in a resource challenged environment. For this reason every member of the Free State community including the staff of this department is encouraged to remain committed to using resources appropriately and efficiently to achieve the best possible care for everyone.

This report is an accurate reflection of the work accomplished during the year.



Mr ST Belot: MEC of Health
Free State Provincial Legislature

Date: 30 June 2005



REPORT OF THE HEAD OF DEPARTMENT

The Free State Department of Health is a dynamic and effective department, which remains accountable to the community of the Free State province for health care delivery.

The department ensures this accountability by means of among other things efficient and effective management of finances, excellent reporting, focus on the best achievable standard of quality care and effective planning.

In this regard it is worth noting that the department won the South African Institute of Government Auditors (SAIGA) award for government departments 2003 Annual Report in 2004 with an overall score of 94.18.

Financial accountability and implementation of the Strategic Plan is reviewed quarterly.

Other highlights of the reporting period include:

- Expenditure per uninsured person was R1148.
- Tuberculosis services in the Free State achieved a 63.1% Cure rate for new TB cases. Treatment Interruption rate is 6,8%.
- The total headcount for Primary Health Care was 6113418. This is a utilization rate of 2.2 visits per capita.
- A central control centre was established for Emergency Medical Services.
- The mass immunization campaign achieved a measles coverage of 98% during the first round. Polio coverage was 96% during the first round and 78% during the second round. The department is on course to eradicate polio in the Free State.
- A well-attended international conference was held to share experiences in the implementation of the comprehensive plan for the care and treatment of HIV and AIDS.
- The HIV and AIDS workplace policy was implemented. It is envisaged that this will be handled by the Employee Assistance Program component from 2005.
- Rural services were strengthened by implementing rural allowance and scarce skills allowance to professionals.
- 6 new clinics were completed.
- A comprehensive risk management strategy was developed and implementation commenced with regard to administrative and financial management.

The management and staff of the department are thanked for their loyalty and hard work in making the achievements listed a reality.

Signed



Mr MS Shuping: Acting Head of Department

Date: 30 June 2005

BUDGET ALLOCATION AND EXPENDITURE INCURRED IN 2004/05

Budget allocation	2004/05 (R' 000)
Original budget allocation	2 730 596
Adjustment estimate (excluding rollovers)	5 150
Rollover of conditional grants (2.9m is conditional grants)	21 521
Budget appropriated	2 757 267
Total expenditure	2 794 911
Sub-total over/under expenditure	(37 644)
Rollover of conditional grants	
Over/under expenditure for 2004/2005	(37 644)

THE TOP MANAGEMENT



Mr ST Belot
MEC of Health



Mr MS Shuping
Acting Head
of Department



Dr RD Chapman
Executive Manager,
Health Support Services



Dr AJ Schoonwinkel
Chief Financial Officer



Dr S Kabane General
Manager, Academic
Health Complex



Dr CAK Makada General
Manager, Northern Free
State Health Complex



Ms SR Sibeko General
Manager, Eastern Free
State Health Complex



Ms SRO Khokho General
Manager, Southern Free
State Health Complex



Ms HE Malan
Senior Manager, Financial
Management and Internal
Audit



Ms MCL Mabitle
Senior Manager, Human
Resource Management



Mr TA Baleni
Senior Manager, Financial
Administration and
Logistics



Ms LL Katzen
Senior Manager, Health
Programmes



Prof M Viljoen
Senior Manager, Human
Resources and
Organisational
Development



Dr V Pienaar
Senior Manager,
Specialised Health
Services



Ms P Shai-Mhatu Senior
Manager, HIV & AIDS and
Communicable Diseases



Mr MF Mofokeng
Senior Manager, Medical
Support Services

SITUATION ANALYSIS

DEMOGRAPHIC INFORMATION

Source: Stats SA Census in brief 2001 except where indicated otherwise

Free State Population

Gender	2001 census	2003 mid-year estimates	2004 mid-year estimates
Male	1 297 605	1 302 523	1 305 420
Female	1 409 170	1 435 636	1 450 831
Total	2 706 755	2 738 159	2 756 251

Medical insurance

85.2% of the Free State population have no medical insurance and therefore are mainly dependent on public health services (2 306 172 people).

Source: 2002 mid-year estimates.

Rural and urban population

The province is large and sparsely populated with most of its people living in urban areas. The urban population in the province is 68.6% and rural 31.49%.

ECONOMIC PROFILE

Employment and poverty in the Free State (2001 census)

The population is relatively poor. 483 205 of the economically active population found employment within the formal sector. 64.5 per cent of households earned less than R30 000 per year. In this province poverty is predominantly rural.

EPIDEMIOLOGICAL PROFILE

Source: Free State Department of Health information system unless specified otherwise

Teenage pregnancy

The teenage pregnancy rate as a percentage of all deliveries at hospitals and clinics in the Free State during 2004 was 24.26%. This is a 2.2% increase compared to 2003.

Disabled population

185376 persons in the province are disabled.

Under 5 mortality rate

According to data captured in the Free State mortality database, the Free State mortality rate is 107 per 1000 population under 5 years.

Infant mortality rate

The infant mortality rate is 79.2 per 1 000 population.

Source: Home Affairs: Collected by Primary Health Care Staff.

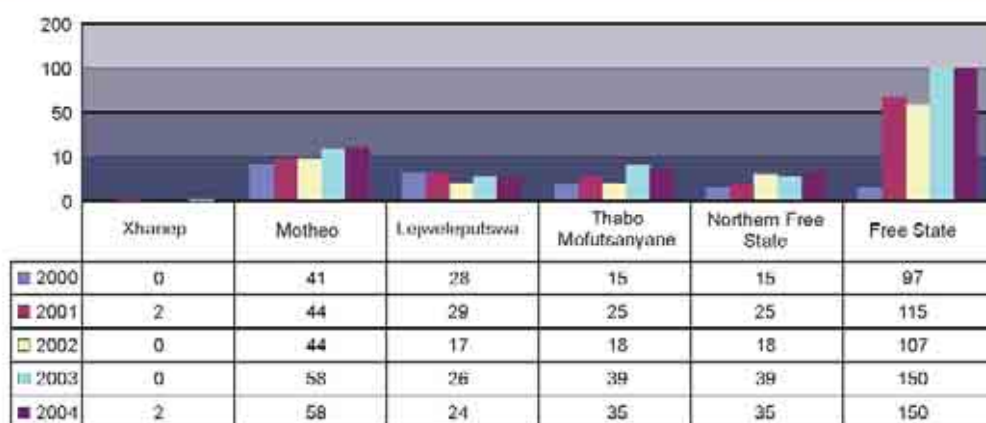
Tuberculosis in the Free State

- Cure rate for new TB cases is 63.1%
- Treatment Interruption rate is 6.8%
- Successful treatment re-treatment: 60.1%
- Successful treatment new smear positive PTB 73.2%
- Death rate new smear positive PTB 10.1%
- Death rate re-treatment smear positive: 12.7%

Source: Free State Department of Health information system (4th quarter 2004)

Maternal mortality

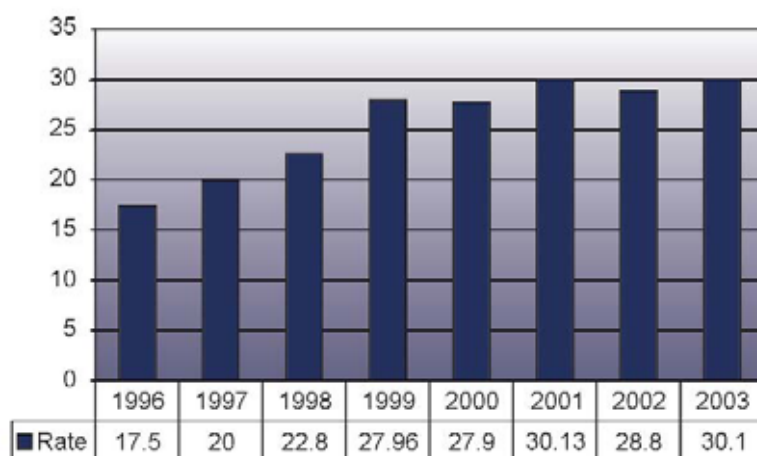
Reported maternal deaths in hospitals per district 2000-2004



During the 2004 calendar year, 150 cases of maternal mortality were reported in the hospitals in the province: Xhariep 2, Motheo 58, Lejweleputswa 24, Thabo Mofutsanyana 35, and Northern Free State 31.

The Maternal Death Notification Programme aims to reduce the rate of maternal deaths without HIV and AIDS by 50% and to reduce those with HIV and AIDS by 25%.

Antenatal HIV prevalence survey



2004 results have not yet been released for publication

Trends in key provincial mortality indicators

Indicator	Free State Mortality Database (Apr 04 - Mar 05)	Target (national)
Infant mortality (under 1)	79.2 per '000 pop	45 per 1 000 live births by 2005
Child mortality (under 5)	107 per 1000 pop	59 per 1 000 live births by 2005
Maternal mortality (in hospitals)	150	100 per 100 000 live births by 2005

Source: DHIS

Top 10 causes of death in the Free State (Apr 2003 – Mar 2004: reported deaths)

	Cases	% of total cases (total = 30 818)	Per 100 000 population
*Infectious and parasitic diseases	8 338	27.1	304.5
Respiratory system disease	7 187	23.3	262.5
Circulatory system disease	4 640	15.1	169.5
Symptoms, signs and ill-defined causes	3 919	12.7	143.1
Endocrine, nutritional and metabolic disorders	1 087	3.5	39.7
Neoplasms	1 076	3.5	39.3
Nervous system disease	1 055	3.4	38.5
Pregnancy, childbirth and puerperium	1 014	3.3	37.0
External causes	914	3.0	33.4
Digestive system	497	1.6	18.2

Source: 2003 midyear estimates based on 2001 Census

* Infectious and parasitic diseases include HIV and AIDS and TB

Perinatal Data: Free State Province October 2002 to September 2003

	Deliveries	C/S %	Ass Del %	PNMR /1 000	NMR /1 000	LBW %	Teen preg %	PCI
Free State Total	45 978	15.5	2.1	46.1	13.0	15.5	22	2.97
Xhariep	1 604	1.1	0.8	35.4	12.5	10.6	31	3.34
Motheo	13 162	21.6	3.5	45.9	12.9	16.5	21	2.8
Lejweleputswa	10 535	12.3	1.0	55.1	15.1	15.5	20	3.55
Thabo Mofutsanyana	12 785	13.4	0.7	42.7	12.7	15.1	25	2.83
Northern Free State	7 892	16.4	3.8	41.7	10.9	15.6	20	2.67

PNMR = Perinatal mortality rate

NMR = Neonatal mortality rate

LBW = Low birth weight

Ass D = Assisted Delivery

PCI = Perinatal Care Index

Achievements in the Perinatal programme

The high caesarean section rate and slightly higher PNMR in the Motheo district is explained by the fact that two hospitals in this district act as referral hospitals and that the majority of patients in the Xhariep District needing caesarean sections are referred to the Motheo district. This, in turn explains the low caesarean section rate in Xhariep (1.1%). The percentage of mothers under the age of 20 years delivering babies, has increased to the disturbingly high rate of 22% for the province, with the Xhariep district the highest at 31%.

The low birth weight rate has decreased with a concomitant increase in the PCI for the reported period. The calculated perinatal mortality rate is regarded as relatively high for the current South African context.

Source: Free State Saving Babies Report IV, December 2003

ALTERNATIVE SERVICE DELIVERY OPTIONS

The Free State Department of Health entered into a 16-year concession agreement with Community Hospital Management (Pty) Ltd. Universitas Private hospital started with operations during 2003.

Milestones achieved to date*Universitas Private Hospital*

Two additional theatres have been completed and are in full use by the concessionaire.

A private medical centre has been constructed by the concessionaire at a cost of about R10 million as an extension the existing structure of Universitas Public Hospital. This is state property. The medical centre houses doctors' consulting rooms, 2 additional theatres, a chest pain clinic, a pharmacy and administration offices.

A percentage of the monthly turnover of Universitas Private Hospital with regard to these facilities is accruing to the Free State Department of Health as part of the variable concession fee. Provisional figures for the variable concession fee for October 2003 to March 2005, are about R1.2 million.



Universitas Private Hospital

Pelonomi Private Hospital

Upgrading of 143 beds and 10 theatres at Pelonomi Regional Hospital was completed in November 2003. The 143-bed wards as well 7 of the 10 theatres are already in use by Pelonomi Regional Hospital (3 of the theatres will be used by the concessionaire). Construction of Pelonomi Private Hospital commenced and the aim is to allow it become operational by August 2005. The first phase of the hospital will be in operation by August 2005. The concessionaire has opted to phase in Pelonomi Private Hospital with an obligation to complete the entire hospital by November 2005 as per concession agreement.

PROGRESS TOWARD EQUITY

Source: Free State Department of Health Information systems

The total budget for the year 2004/2005 provided a public health service allocation of R2,757,267 million. The costly tertiary care for the whole province and beyond is provided at Bloemfontein and the secondary care is distributed across the province; there is at least one secondary care hospital in each district except for the sparsely populated Xhariep district which shares the Pelonomi Regional Hospital with Motheo District.

Comparison of District Health Services budget per district

District	% of total Free State population	2003/2004	% of total District budget	2004/2005	% of total District budget
Xhariep	5.11	50 546 947	6.31	59 451 680	6.99
Motheo	27.23	247 907 572	30.94	271 983 287	31.99
Lejweleputswa	23.63	161 591 740	20.17	152 510 499	17.94
Northern Free State	16.94	121 158 629	15.12	127 093 868	14.95
Thabo Mofutsanyana	27.09	220 001 320	27.46	239 248 996	28.14
Total	100	801 206 208	100	850 288 330	100

The amounts above include the budgeted amounts for District Health Services and also District Hospitals and Administrative costs.

The table above indicates that Primary Care allocation per capita is similar in all districts except in the Motheo district.

Personnel in district health services by health district at 31 March 2005

Health district	Personnel category	Posts filled	Posts approved	Vacancy rate (%)	Number in post per 1 000 uninsured people
Motho	PHC facilities				
	Medical officers	1	8	87.5%	0.002
	Professional nurses	85	216	60.6%	0.21
	Pharmacists	0	1	100%	0
	Community health workers	68	86	21%	0.1
	District hospitals				
	Medical officers	45	82	45%	0.07
	Professional nurses	292	355	18%	0.47
	Pharmacists	7	24	71%	0.01
Xhariep	PHC facilities				
	Medical officers	0	1	100%	0
	Professional nurses	35	89	61%	0.31
	Pharmacists	1	1	0%	0.009
	Community health workers	10	10	0%	0.089
	District hospitals				
	Medical officers	9	13	31%	0.08
	Professional nurses	32	42	24%	0.28
	Pharmacists	2	2	0%	0.018
Lejweleputswa	PHC facilities				
	Medical officers	1	8	87.5%	0.002
	Professional nurses	85	216	60.6%	0.21
	Pharmacists	0	1	100%	0
	Community health workers	68	86	21%	0.1
	District hospitals				
	Medical officers	45	82	45%	0.07
	Professional nurses	292	355	18%	0.47
	Pharmacists	7	24	71%	0.01
Northern Free State	PHC facilities				
	Medical officers	0	1	100%	0
	Professional nurses	35	89	61%	0.31
	Pharmacists	1	1	0%	0.009
	Community health workers	10	10	0%	0.089
	District hospitals				
	Medical officers	9	13	31%	0.08
	Professional nurses	32	42	24%	0.28
	Pharmacists	2	2	0%	0.018

Health district	Personnel category	Posts filled	Posts approved	Vacancy rate (%)	Number in post per 1 000 uninsured people
Thabo Mofutsanyana	PHC facilities				
	Medical officers	1	3	66.7	0.002
	Professional nurses	210	245	14.3	0.33
	Pharmacists	1	1	0	0.002
	Community health workers	33	33	0	0.05
	District hospitals				
	Medical officers	17	33	48.5	0.03
	Professional nurses	174	234	25.6	0.28
	Pharmacists	2	4	50	0.003
Free State Province	PHC facilities				
	Medical officers	11	29	62.1	0.005
	Professional nurses	763	1 064	28.3	0.31
	Pharmacists	5	7	28.6	0.002
	Community health workers	128	238	46.2	0.05
	District hospitals				
	Medical officers	128	173	26.1	0.05
	Professional nurses	724	926	21.8	0.3
	Pharmacists	17	44	61.4	0.007

In under-resourced rural areas certain scarce health professionals like pharmacists and doctors work in both hospitals and clinics

The table above clearly illustrates the need for focused strategies to recruit and retain sufficient staff with the correct skills. The staffing requirements of the Pharmacy Act are also not met.

Rural areas, particularly the farming community, still remain a concern as far as the equitable distribution of health resources and access to service are concerned. Mobile clinics visit these areas. A rural health plan was developed to mobilise resources in rural areas. Mobile clinics extend essential services to isolated urban and farming communities. The commuter system ensures that persons referred to other areas are not denied this opportunity due to lack of efficient affordable public transport systems in the province.

Service delivery per district

Health district	Facility type	No	Population	Indicators of service use	Rates/ numbers
Xhariep	Non- fixed clinics	21	142 601	Primary Health Care total headcount	339 457
	Fixed Clinics	17			
	CHCs	1		Utilisation rate Primary Health Care	2.4 visits per capita
	Sub-total clinics + CHCs	39		Utilisation rate Primary Health Care under 5 years	3.4
	District hospitals	3			
Motheo	Non-fixed clinics	22	755 521	Primary Health Care total headcount	1 501 048
	Fixed Clinics	69			
	CHCs	4		Utilisation rate Primary Health Care	2.0 visits per capita
	Sub-total clinics + CHCs	95		Utilisation rate Primary Health Care under 5 years	3.5
	District hospitals	4			
Lejweleputswa	Non-fixed clinics	26	641 391	Primary Health Care total headcount	1 281 005
	Fixed Clinics	44			
	CHCs	1		Utilisation rate Primary Health Care	2.0 visits per capita
	Sub-total clinics + CHCs	71		Utilisation rate Primary Health Care under 5 years	2.9
	District hospitals	5			
Thabo Mofutsanyana	Non-fixed clinics	20	750 780	Primary Health Care total headcount	1 841 392
	Fixed Clinics	69			
	CHCs	1		Utilisation rate Primary Health Care	2.5 visits per capita
	Sub-total clinics + CHCs	90		Utilisation rate Primary Health Care under 5 years	4.5
	District hospitals	8			
Northern Free State	Non fixed clinics	20	465 958	Primary Health Care total headcount	1 077 897
	Fixed Clinics	33			
	CHCs	5		Utilisation rate Primary Health Care	2.3 visits per capita
	Sub-total clinics + CHCs	58		Utilisation rate Primary Health Care under 5 years	3.6
	District hospitals	4			

Health district	Facility type	No	Population	Indicators of service use	Rates/ numbers
Province	Non fixed clinics	107	465 958	Primary Health Care total headcount	6 113 418
	Fixed Clinics	233			
	CHCs	13		Utilisation rate Primary Health Care	2.2 visits per capita
	Sub-total clinics + CHCs	358		Utilisation rate Primary Health Care under 5 years	3.7
	District hospitals	24			

Source: (2004 Midyear estimates - DHS data)

Primary Health Care Services are distributed mainly equitably to the 5 districts.

Trends in key provincial service volumes

Indicator	2001/02 (actual)	2002/03 (actual)	2003/04 (actual)	2004/05 (actual)
PHC headcount in PHC facilities	5 481 563	5 789 036	6 113 418	6 040 799
Hospital separations*	13 387	13 069	13 492	13 771

*Separations = Total headcount of transfers out + discharges + deaths. Source: DHIS and data dictionary

The range for visits to public Primary Care facilities is between 7 and 9 per 1 000 population per day across the province.

Free State Hospital efficiency data 2004

District	Institution	Class	Beds in use	Utilisation rate %	ALOS	Admission rate per 1000 uninsured
Xhariep	Diamant Hospital	District	32	41.6	1.9	22.82
	Embekweni Hospital (Zastron)	District	25	84.6	2.6	25.42
	Stoffel Coetzee Hospital (Smithfield)	District	23	81.8	2.7	23.35
Motheo	Botshabelo Hospital	District	135	87.1	5.3	14.47
	Dr JS Moroka Hospital	District	180	66.6	7.2	12.03
	National District Hospital	District	124	67.9	3.1	14.07
	Mantsopa Hospital (Ladybrand)	District	44	44.0	1.8	6.61
	Pelonomi Regional Hospital	Regional	689	73.6	7.0	50.1
	Universitas Tertiary Hospital	Tertiary	640	57.9	5.9	9.8
	Psychiatric Complex	Specialised	880	90	136	4.2
Lejweleputswa	Winburg Hospital	District	55	54.6	2.5	6.11
	Mohau Hospital (Hoopstad)	District	29	77.5	2	6.38
	Katleho Hospital (Virginia)	District	78	89.9	4.3	9.58
	Thusanong Hospital	District	98	63.7	2.5	14.07

	(Odendaalsrus)					
	Nala Hospital (Bothaville)	District	38	92	2.5	7.27
	Bongani	Regional	460	77.3	5.6	38.35
Thabo Mofutsanyana	Itemoheng Hospital (Senekal)	District	55	52.3	2.7	6.45
	John Daniel Newberry Hospital (Clocolan)	District	42	57.1	3.3	4.12
	Phuthuloha District Hospital (Ficksburg)	District	31	55.8	2.7	3.88
	Phekolong Hospital	District	85	73	3.2	11.2
	Nketoana Hospital (Reitz)	District	45	82.4	2.9	8.07
	Elizabeth Ross Hospital	District	91	52.9	2.2	10.87
	Thebe Hospital (Harrismith)	District	71	69.1	3.8	6.37
	Phumelela Hospital (Vrede)	District	32	36.7	2.4	2.43
	Dihlabeng	Regional	135	64.7	5.46	8.15
	Mofumahadi	Regional	298	56.7	5.15	19.14
Northern Free State	Parys Hospital	District	50	72.9	1.5	11.52
	Tokollo Hospital (Heilbron)	District	29	72.8	1.8	8.24
	Metsimaholo Hospital (Sasolburg)	District	82	90.8	2.0	22.58
	Mafube Hospital (Frankfort)	District	29	62.5	1.7	8.03
	Boitumelo	Regional	340	74.7	5.2	49.67

Plans are being developed to ensure the efficiency of all health facilities in the province

CHALLENGES AND CONSTRAINTS DURING 2004/05

The situational analysis clearly illustrates the challenges, which have to be managed in the course of exercising the mandate of providing health care services.

These are:

- Improved efficiency to counter decreased funding and increased activity levels.
- Creating and developing a culture of accountability and responsibility at all levels.
- Improving internal control through a focused effort on reliability and competency.
- Equipment provision and maintenance should be aligned with minimum standards. In particular maintenance, especially preventive maintenance, should be prioritised.

Evolution of expenditure by budget sub-programme

Programme	2001/02 Exp R'000	2002/03 Exp R'000	2003/04 Exp R'000	2004/05 Exp R'000	2004/05 Budget R'000	Variance -% under/ (over- expenditure
Programme 1: Administration	78 732	90 119	141 011	159 232	159 232	0%
MEC	1 281	1 304	1 867	2 639	2 252	-15%
Provincial Management	88 962	88 815	139 144	156 593	156 980	0%
Overspending (Disallowed):	(11 511)	-	-	-	-	-
Programme 2: District Health Services	653 025	777 774	921 733	1 034 995	1 014 222	-2%
District management	17 518	23 372	24 653	31 758	79 224	149%
Clinics	358 685	411 809	126 700	165 721	206 550	25%
Community health centres	-	-	40 921	30 160	41 852	39%
Community based services	-	(8)	247 048	200 643	178 148	-11%
Other community services	-	-	3 393	541	1	-100%
Coroner services	-	-	-	190	1 001	427%
HIV/AIDS	-	-	34 223	75 911	79 570	5%
Nutrition	-	-	46 754	14 402	27 899	94%
District hospitals	312 027	342 601	395 911	515 669	399 977	-22%
Overspending disallowed	(35 205)	-	-	-	-	-
Programme 3: Emergency Medical Services	89 142	90 941	116 502	123 648	121 020	-2%
Emergency transport	82 011	83 881	111 910	110 099	110 725	1%
Planned patient transport	7 131	7 060	4 592	13 549	10 295	-24%
Programme 4: Provincial Hospital Services	566 794	623 031	695 167	797 822	740 680	-7%
General hospitals (regional)	497 764	530 044	587 061	678 054	625 821	-8%
Psychiatric hospitals	85 946	92 987	108 106	119 768	114 859	-4%
Overspending (disallowed)	(16 916)	-	-	-	-	-
Programme 5: Central Hospital Services	383 244	421 272	444 581	462 621	462 621	0%
Central hospitals	395 710	421 272	444 581	285 461	462 621	0%
Provincial Tertiary Hospital Services	-	-	-	1 77 160	-	-
Overspending disallowed	(12 466)	--	--	--	--	--
Programme 6: Health Sciences and Training	59 979	45 755	79 199	90 949	87 048	-4%
Nurse training colleges	36 067	33 874	35 626	61 608	44 070	-28%
EMS training colleges	2 816	2 034	1 752	927	2 045	121%

Bursaries	8 839	3 051	17 787	9 215	11 094	20%
PHC Training	-	-	-	12 581	15 136	20%
Other training	15 939	6 796	24 034	6 618	14 703	122%
Overspending disallowed	(3 682)	-	-	-	-	-
Programme 7: Health Care Support Services	2 275	8 103	12 433	24 979	25 094	0%
Laundries	24 817	26 076	30 143	39 969	41 833	5%
Provincial Motor Transport	3 762	468	-	-	-	-
Engineering	-	-	-	-	1	-
Forensic Services	-	-	-	-	1	-
Orthotic and prosthetic services	-	-	6 112	6 615	7 446	13%
Medicines trading account	-	1 000	-	-	-	-
Internal Charges	(19 770)	(19 441)	(23 822)	(21 605)	(24 187)	12%
Overspending Disallowed	(6 534)	-	-	-	-	-
Programme 8: Health Facilities Management	35 359	71 532	104 709	94 190	147,350	56%
Community health facilities	28 083	25 511	28 073	20 724	52 221	152%
District hospitals	3 511	26 733	33 832	24,011	40 719	70%
Provincial hospitals	3 765	19 288	41 037	48 521	52 370	8%
Central hospitals	-	-	1 767	934	2 040	118%
Programme 9: Supernumerary	73,796	64 251	17 839	-	-	-
Health Administration	892	601	5 149	-	-	-
District Health services	28 491	25 812	2 749	-	-	-
Provincial hospital services	28 501	25 271	7 342	-	-	-
Central hospital services	14 658	11 632	1 837	-	-	-
Health Sciences	1 159	935	762	-	-	-
Health Care Support Services	95	-	-	-	-	-
Authorised losses	11 077	1 363	9 239	6 475	-	-100%
Total: Programmes	1 953 423	2 194 141	2 542 413	2,794,911	2,757,267	-1%

Table 8: Evolution of expenditure by budget per capita sub-programme

	2001/02	2002/03	2003/04	2004/05
Population	2 857 519	2 857 519	2 857 519	2,857 519
% Insured	14.8%	14.8%	14.8%	14.8%
Uninsured population	2 434 606	2 434 606	2 434 606	2 434 606
Conversion to constant 2004/05 prices	1.218	1.109	1.052	1.00
Exp per capita Uninsured	Exp per capita Uninsured	Exp per capita Uninsured	Exp per capita Uninsured	Exp per capita Uninsured
Programme	R'000	R'000	R'000	R'000
Programme 1: Administration	39	41	61	65
Programme 2: District Health Services	327	354	398	425
Programme 3: Emergency Medical Services	45	41	50	51
Programme 4: Provincial Hospital Services	284	284	300	328
Programme 5: Central Hospital Services	192	192	192	190
Programme 6: Health Sciences and Training	30	21	34	37
Programme 7: Health Care Support Services	1	4	5	10
Programme 8: Health Facilities Management	18	33	45	39
Programme 9: Supernumerary	37	29	8	-
Authorised losses:	6	1	4	3
Total: Programmes	977	999	1 099	1 148

(Constant 04/05 prices)

Expenditure on Conditional Grants

Expenditure on conditional grants

	2001/02	2002/03	2003/04	2004/05
	R'000	R'000	R'000	R'000
National Tertiary Services	249 813	292 145	336 504	384 165
HIV and AIDS	3 767	18 657	30 144	69 070
Hospital Revitalisation	28 083	29 000	50 356	47 436
Integrated Nutrition Programme	30 345	32 918	47 831	6 234
Hospital Management and Quality Improvement	10 300	11 333	12 730	13 076
Health Professions Training and Development	88 367	90 552	90 061	93 643
Other grants				
Infrastructure	3 511	20 876	28 390	24 133
Flood Relief	3 765	19 288	5 145	
Medico Legal				132
Drought Relief				1 900

BUDGET PROGRAMME PERFORMANCE

PROGRAMME 1: ADMINISTRATION

Aim

Programme 1 is responsible for the overall management and administration of the department.

Programme Description

Programme 1 has the sub-programmes: Office of the MEC and Management.

Analytic review of performance

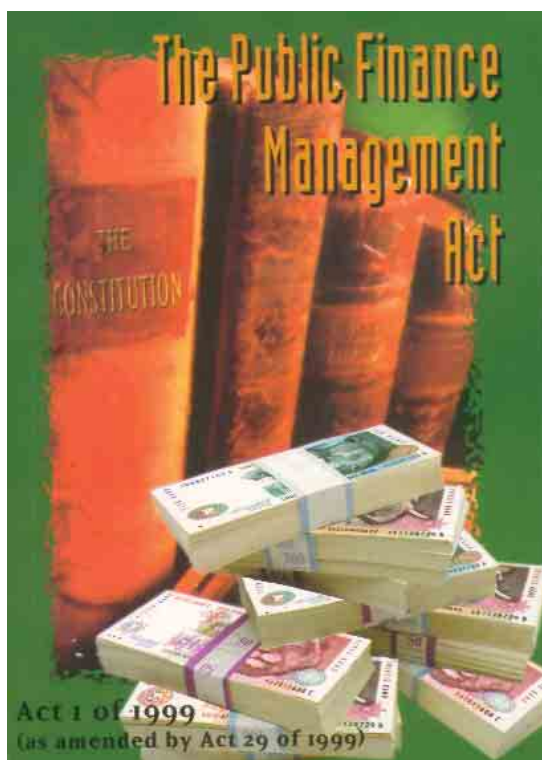
- The department continues to incrementally implement the PFMA and related regulations.
- A revised internal control checklist has been implemented.
- To increase the revenue base the Department revised its revenue action plan.
- A departmental risk management system was strengthened to address weaknesses in internal control.
- The prescribed Supply Chain Management System has been implemented according to the Supply Chain Management policy, No. 3 of 2004.
- Upgrading of salaries for Pharmacists was implemented.
- A rural and scarce skills allowance for health professionals was implemented in line with the national guideline.
- Pharmacist Assistants are being trained.
- The banking function was decentralised from Provincial Treasury to the department and was implemented during 2004.
- BAS was implemented in the department from 1 April 2004.

Policies and Priorities Implemented

- Standards of Professional Practice of Internal Auditors.
- Electronic Communications and Transactions (Act 25 of 2002).
- Purchasing process via SITAs (State Information Technology Agency) ITAC.
- A dedicated fraud hotline was created.

The following key challenges face the department over the strategic planning period

- The implementation of the PFMA with the decentralisation of several functions to the department increased the burden of management taking responsibility for the effective and efficient implementation of the functions. There is a lack of competent and experienced staff to take responsibility. This places a burden on the efficient management of these functions. The department recruited qualified management accountants to assist in this need but lack of integrated systems and staff shortages impact negatively on the rate of improvement.
- Improved efficiency to counter decreased funding and increased activity levels.
- Creating and developing a culture of accountability and responsibility at all levels of management.
- Improving internal control through a focused effort on reliability and competency.
- Continuously searching and implementing best practices to contribute value to a healthy environment.
- Filling of critical posts and appointing the appropriate candidate.
- Compliance with the Pharmacy Act and Medicines Control Act by July 2005.
- In support of the COHSASA accreditation programme it is necessary to implement a programme for management of medical equipment in as many institutions as possible.
- Equipment provision and maintenance should be aligned with minimum standards. In particular maintenance, especially preventative maintenance, should be prioritised.



Specification of measurable objectives and performance indicators for
Programme 1. Administration

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
Provincial Management	GOAL 2. EFFICIENT AND EFFECTIVE MANAGEMENT OF RESOURCES			
	Objective 2.1 Implement Public Finance Management Act (Act 1 of 1999, as amended Act 29 of 1999)	Annual Financial statements finalised on due dates.	Complied	The Annual Financial Statements for 2003/2004 were submitted to the Auditor General on 31 May 2004.
		Monitor the implementation of the Internal Control Checklist in all institutions.	The Internal Control Checklist was implemented at 90% of the Finance Cluster. It has not yet been implemented in the Health Support Cluster and it was partially implemented in the Clinical Cluster.	The Internal Control Checklist was implemented in all the clusters. The management accountants monitor the implementation.
		Total percentage of all Finance Personnel in the department trained according to training needs.	Training in line with the development programme.	All Finance Personnel in the department trained according to training needs including implementation of the BAS system.
		Management of revenue and revenue generation within the targets set by institutions.	The total revenue collected per Financial Management System (FMS) for the period, 1 April 2003 to 16 February 2004 amounted to R58 404 million. This is 94.09% of the global revenue budget of R62 072 million. R45 344 million is 80.948% of the patient fee budget of R56 016 million.	The total revenue collected for the financial year is R75 114 275. The new UPFS tariffs were published in the Provincial Gazette and were implemented on 1 February 2005. These tariffs were loaded on the PADS and Meditech systems. Feedback is awaited from the State Law advisers with regard to the document on the revised tariffs. The debt collection contract is monitored monthly.

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
Provincial Management	GOAL 2. EFFICIENT AND EFFECTIVE MANAGEMENT OF RESOURCES			
	Objective 2.1 Implement Public Finance Management Act (Act 1 of 1999, as amended Act 29 of 1999)	Management of banking functions.	Not within the previous plan.	Although progress has been made with the clearing of banking control accounts, the bank adjustment account has not yet been cleared.
		The Budget Process managed within the Budget Cycle.	The prescribed processes were all completed within the budget cycle.	The input for the Appropriation Bill was submitted to Provincial Treasury. Budget statement no. 2 for 2005/2006 was submitted to Provincial Treasury. The provincial data-base model was submitted to Provincial Treasury on 8 December 2004.
		In-year monitoring (control of monthly expenditure and projection).	The monthly requisition of funds and in-year monitoring report (IYM) were submitted by the due date.	Quarterly infrastructure report, monthly in year monitoring reports, transfers to municipalities report were all submitted to Provincial Treasury by the due date.
		Cash requisition (monitor cash requested against monthly expenditure).	The monthly requisition of funds and in-year monitoring report (IYM) were submitted by the due date.	The requisition of funds is submitted to Provincial Treasury on a monthly basis.
		100% collection of VAT	Not within the previous plan.	From the claims that were submitted during the first three quarters, an amount of R225 829.05 was received. The VAT claim for the 4th quarter will amount to approximately R24 655.21.

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
Provincial Management	GOAL 2. EFFICIENT AND EFFECTIVE MANAGEMENT OF RESOURCES			
	Objective 2.1 Implement Public Finance Management Act (Act 1 of 1999, as amended Act 29 of 1999)	All zero balance ledger accounts are cleared monthly.	All ledger accounts are followed-up and cleared.	The following accounts were cleared to a zero balance: EBT rejection account, inter-responsibility account, telephone control account, telephone erroneous account. The conversion accounts have been cleared, except for Conversion: Cheques Payable Account.
		All relevant control ledger accounts are monitored and cleared monthly.	All ledger accounts are followed-up and cleared.	
	Objective 2.1 Implement Public Finance Management Act (Act 1 of 1999, as amended Act 29 of 1999)	Monitor and evaluate the implementation of BAS at all institutions according to the BAS implementation plan.	Not within the previous plan.	BAS implemented at all institutions according to the BAS implementation plan.
		Corporate Strategic Plan complies with the health sector guidelines and Treasury deadlines.	Not within the previous plan.	The roll-out of the IHPF and other preparations for the 10-year plan and the 5-year review are being supported in the department. The Strategic Plan for 2005/2006 was finalised and submitted.

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
Provincial Management	GOAL 2. EFFICIENT AND EFFECTIVE MANAGEMENT OF RESOURCES			
	Objective 2.1 Implement Public Finance Management Act (Act 1 of 1999, as amended Act 29 of 1999)	Corporate Annual Report complies with the health sector guidelines and Treasury deadlines.	Not within the previous plan.	Corporate Annual Report complies with the health sector guidelines and treasury deadlines. The national and provincial SAIGA awards were received for the Annual Report of 2002/2003.
		Conduct audits at institutions according to an annual plan.	Audits and follow-up audits in line with the plan.	The annual audit plan for Specialised Clinical Services was finalised. Specialised Clinical Audits were performed at 6 hospitals including Emergency Medical Services. Follow-up specialised audits were performed at 5 of these.
	Objective 2.1 Implement Public Finance Management Act (Act 1 of 1999, as amended Act 29 of 1999)	Investigate all reported financial fraudulent cases.	100% investigated.	2 of 3 (67%) special investigations complete.
		Improve loss control in the department in line with the PFMA and Treasury Regulations.	Loss control officers appointed in the institutions. Registers were established in all the institutions and offices of the department.	Policy on management of losses and claims implemented during 2004 and is available on Health Portal. Implementation is monitored. Training was presented on iCAM. Implementation of Loss Control registers monitored. Departmental Loss meetings are held.

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
Provincial Management	GOAL 2. EFFICIENT AND EFFECTIVE MANAGEMENT OF RESOURCES			
	Objective 2.1 Implement Public Finance Management Act (Act 1 of 1999, as amended Act 29 of 1999)	Improve transport management in the department with 80% availability of vehicles in Head Office.	Preparation work was done for the purchase of vehicles to the amount of R3 million during 2004.	The Implementation of transport management issues is being monitored. A total of 177 accidents occurred of which a total of 76 emergency medical services accident reports were received. [For more information, see the Annual Financial statements.] An electronic trip authority system is being developed for the province. Training on transport management was done by means of iCAM. Assistance is given with regard to the management of fleets in districts. Trips are co-ordinated to ensure availability of vehicles. At EMS 49 vehicles (ambulances, response vehicles and double cabs) were procured to the amount of about R8 154 789.67
		Improve stocktaking in the department in line with the PFMA and Treasury Regulations by 70%.	All tender user documents were revised and completed. The entire provincial government implemented the system which was developed by the Free State Department of Health.	Institutions conducted stocktaking according to the approved programme. It was done at every hospital. Every institution submitted a stocktaking plan by 30 April to Asset Management which approved it.

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
Provincial Management	Objective 2.1 Implement Public Finance Management Act (Act 1 of 1999, as amended Act 29 of 1999)	GOAL 2. EFFICIENT AND EFFECTIVE MANAGEMENT OF RESOURCES		
		Improve stocktaking in the department in line with the PFMA and Treasury Regulations by 70%	All tender user documents were revised and completed. The entire provincial government implemented the system which was developed by the Free State Department of Health.	The institutions had to keep to the programme, because they were monitored accordingly by Asset Management. All the reports of the institutions had to be submitted by 30 December 2004. The Board of Investigation verified the information. It was motivated by Asset Management to the HOD. The following shortages and surpluses were approved, namely surpluses (R3 203 231.54) and shortages (R2 905 870.51) and it was declared in the Annual Financial Statements. Stocktaking is being done according to plan at institutions, but there are challenges, such as availability of staff.
		Timely submission of tender documents within due dates.	Not part of the previous strategic plan.	The target was not reached due mainly to the unavailability of stakeholders and vacant posts, thereby affecting planning
		Maintain contract and tender registers on a monthly basis.	Not part of the previous strategic plan.	The tender (bid) register is maintained on a daily basis.
		Appoint officials for the BEE unit in giving effect to the FSCM regulations.	Not part of the previous strategic plan.	The BEE unit will be established once Treasury issues the guidelines and regulations.

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
Provincial Management	GOAL 2. EFFICIENT AND EFFECTIVE MANAGEMENT OF RESOURCES			
	Objective 2.1 Implement Public Finance Management Act (Act 1 of 1999, as amended Act 29 of 1999)	Investigate pre-qualified bidders where and when the need arises.	Not part of the previous strategic plan.	Done per tender upon request from the Tender Office.
		Effect and manage financial independence at the Medical Depot.	Not part of the previous strategic plan.	Policies to ensure effective payment to the depot were implemented. A debtors system was developed but was delayed due to compatibility problems. The backlog of payments was journalised.
		Ensure effective and efficient stock management continuously.	Not part of the previous strategic plan.	Procedures are being refined to minimize stock losses. The applicable reports are provided monthly. Efficiency and control measures were implemented.
		Initiate the development of a replacement for MEDSAS and a bar-coding system.	Not part of the previous strategic plan.	A tender was advertised and closed. The final recommendations on the financial status of the companies will follow. National Health will finalise the process.
		Remain within the trading capital of the Medical Depot.	Not part of the previous strategic plan.	The cash flow of the Medical Depot remains challenging. Measures to intervene were implemented to recover outstanding accounts of institutions.

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
Provincial Management	GOAL 2. EFFICIENT AND EFFECTIVE MANAGEMENT OF RESOURCES			
	Objective 2.1 Implement Public Finance Management Act (Act 1 of 1999, as amended Act 29 of 1999)	Standards to measure work performance at the Medical Depot.	Not part of the previous strategic plan.	The standard for delivery turn-around time (from the day you order to the day you received the order), is 10 days. The Medical Depot has mostly kept to this standard. The average service levels (meaning orders completed within 24 hours) were: Medicine: 80%, Medical consumables: 67%. H-forms: 71%. Orders that were issued for the 2004/2005 financial year, were: 113 383. 19 890 payment/recovery transactions were made.
	Objective 2.1 Implement Public Finance Management Act (Act 1 of 1999, as amended Act 29 of 1999)	Report losses timely and reduce discrepancies.	Not part of the previous strategic plan.	The yearly stock take was carried out. A more efficient system for reporting of discrepancies was developed and implemented. Standard Operating Procedures (SOPs) was developed and are maintained. The following shortages and surpluses were approved, namely surpluses (R3 203 231.54) and shortages (R2 905 870.51).

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
Provincial Management	GOAL 2. EFFICIENT AND EFFECTIVE MANAGEMENT OF RESOURCES			
	Objective 2.2 Facilitate the establishment of a caring culture between and by health care personnel	All new recruits given induction training and regular orientation during the first month of employment.	An induction manual has been developed as well as a training programme on ICAM for the rest of the year. The induction of new employees is now being conducted once a month.	Information sessions on the induction of newly appointed officials and supervisors' guidelines were conducted monthly on iCAM. An orientation manual has been developed.
		Human Resource Call Centre established for supervisors.	The implementation of the Human Resource Call Centre has been postponed until the department moves to the Bophelo House building.	The informal call centre is functioning well and they answer inquiries. In Bophelo House, the telephone systems will have the function of a call centre.
		All employees have implemented the Performance Development Management System (PDMS).	The system was implemented on 1 October 2003.	PDMS has been implemented in the department. A video on this topic has been developed for the ABET level. A training manual for the ABET video has been completed.
		All SMS have implemented the Performance Management Development System (PDMS) for Senior Management Services.	The performance management development system (PDMS) for senior management services has been 100% implemented. Assessments have been conducted.	The performance management development system (PDMS) for senior management services has been 100% implemented. Assessments have been conducted.
		Employee Assistance Program were developed and implemented at provincial level.	Approval has been granted for the establishment of the Employee Assistance Programme Unit.	The unit is functional according to the EAP Policy The programme is still in the first phase of implementation.
		Human Resource Plan implemented at provincial level.	Not within the previous plan.	The HR Plan is being developed.

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
Provincial Management	GOAL 2. EFFICIENT AND EFFECTIVE MANAGEMENT OF RESOURCES			
	Objective 2.2 Facilitate the establishment of a caring culture between and by health care personnel	HIV and AIDS Workplace Policy implemented in institutions and offices.	Not within the previous plan.	The policy is being implemented at institutions.
		Implementation of an electronic Human Resource Information System.	Not within the previous plan.	Systems have been developed and will be used in the new financial year for the PDMS.
	Objective 2.3 Develop and implement a Medical Equipment and Facility Management System	Medical Equipment Management System (MEMS) was developed.	The Medical Equipment Management System has been 17% completed. The department is in the process of negotiating with a private company to customize the MEMS.	The Medical Equipment Management System (MEMS) was developed.
		Helpdesk for the Medical Equipment Management System (MEMS) developed.	Not within the previous plan.	The helpdesk for the Medical Equipment Management System was developed.
		Implementation of a Building Management Maintenance System (BMMS).	Not in previous plan	Hospitals have been identified for the implementation of the BMMS. More information of the pilot phase to be considered before possible implementation of phase 2.
	Objective 5.1 Ensure all occupational classes of staff are trained in line with the service delivery plans.	% of Institutions where the Workplace Skills programme has been implemented.	70% of the institutions in the Free State have implemented their Workplace Skills Plan according to their service delivery plans.	90% of institutions have submitted and implemented their Local Workplace Skills Plan according to their Service Delivery Plan for 2005/2006.

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
Provincial Management	GOAL 6. APPROPRIATE INFRASTRUCTURE			
	Objective 6.3 Implement an Electronic Health Information System to all levels of care, according to approved plans.	Implementation of Meditech system at Bongani Hospital.	Not within the previous plan.	The provincial office provided the IT network infrastructure and Meditech licences for 5 modules. Five modules have been procured. It has not been implemented yet, but all the users have been trained. Two additional modules have been ordered. There was a delay in the implementation, because the institutions requested 2 additional modules. Power problems and the training room, which is not yet finalised, are receiving attention. Personal computers have to be purchased. The proposed date of implementation is 1 May 2005.



PROGRAMME 2: DISTRICT HEALTH SERVICES

Aim

The purpose of programme 2 is to establish and render District Health Services.

Programme description

Programme 2 has the following sub-programmes:

- District management
- Clinics
- Community health centres
- District hospitals
- Community-based services
- Other community services
- HIV and AIDS
- Nutrition including maternal child and women's health and disease prevention and control

These sub-programmes deliver all services from Primary Health Care package to level 1 District Hospitals.

Broad policies, priorities and strategic goals implemented during 2004/05

DISTRICT MANAGEMENT, CLINICS AND CHC

Primary Health Care Audit % of package in all clinics per sub-district

Xhariep	Motheo	Lejweleputswa	Northern Free State	Thabo Mofutsanyana
78%	67,6%	96%	62%	70%

- Audits conducted by the National Department of Health assessed whether each clinic rendered a full package of Primary Health Care services. Findings are summarised in the table above. It should be noted that findings with regard to Free State services are influenced by the fact that clinics are graded (Grade I, Grade II and Grade III) in line with accessibility, our referral system and affordability. District Health Plans provide for each local area to deliver a full package of Primary Health Care as identified in the national audit.
- Local municipalities have environmental health care plans.
- The Services Marketing Strategy has been approved and implemented to enable the community to be informed.
- Communication plans are being finalised which will enable the community to remain informed on how to access the services.
- The consolidation of Primary Health Care services to the province commenced in November 2004. Three districts were taken over by March 2005. It is due to be finalised by the end of May 2005. With Mangaung Local Municipality, a Memorandum of Understanding of the integration of services will be signed.

Rural health plan

The district rural health strategy was developed and implemented. Monitoring is being done on a quarterly basis. Maluti a Phofung is a rural nodal point, which receives special provision for development. Informally Xhariep is also managed as a **rural area** due to the high levels of unemployment and poverty. In the rural area, Primary Health Care services are available at 66 fixed clinics, one CHC and 19 mobiles.

Road Map for District Health System (DHS) Decentralisation

- The Road Map for DHS Decentralisation started in February 2004. A project Manager was appointed to facilitate the process. Various task teams were established at both provincial and district level. Local government clinics were fully represented. Primary Health Care personnel in Xhariep have been transferred to the province from 1 November 2004. Naledi and Mantsopa

- were finalised in December 2004. Transfer of PHC personnel in Motheo is being finalised.
- A situation analysis was done to assist the process of decentralisation and assist in bridging the identified gaps.
- Governance structures: A functional Provincial Health Authority exists. All the hospital boards are fully functional, except the one in Itemoheng/Phutholoha/Daniel Newbury District Hospital complex. District Health Councils and 3 District AIDS Councils are fully functional. 2 local AIDS Councils were established and 211 clinic committees are fully functional. These governance structures are functional in line with legislation.
- Service Level Agreements have been signed with municipal health services.



Challenges

Finance and financial management

District Health Services are not appropriately funded.

Human resources

- Nurses are extremely scarce in rural areas. From 2005 they will also be subject to Community Service.
- Retention beyond Community Service is a challenge.
- It is necessary to increase the intake of student nurses.
- National guidelines for Human Resource Management and Organisational Development need to be developed as a basis for provincial plans.
- Challenges relate to the transfer of pensions of local government staff. National Treasury, DPSA and SARS are addressing this matter. Consultants were appointed to assist with the process.

Information

- The management of information continues to pose challenges due to inconsistent application of DHIS, for example validity and inappropriately trained officials.

DISTRICT HOSPITALS

- The District Hospital package of care is to be piloted in 2 district hospitals.

HIV AND AIDS, STI AND TB CONTROL

Prevention of Mother to Child Transmission (PMTCT) of HIV

Nevirapine is now available in all institutions providing maternity services.

Post Exposure Prophylaxis (PEP)

Antiretrovirals for Post Exposure Prophylaxis for rape survivors and personnel are available at all hospitals and some clinics in the Free State. This is available within 72 hours after exposure.

Voluntary Confidential Counselling and Testing (VCCT)

VCCT services have been implemented at 242 operational sites. The programme is available in all five districts and covers 95% of the facilities.

Home-based care and step-down facilities

- This service provides an effective, integrated, community home-based care programme for all patients with AIDS and other debilitating diseases.
- 81 (100%) towns are providing community home-based care services in the Free State. A total of 964 volunteers are involved in the provision of home-based care services. There are 8 step down facilities in the province which are fully functional.



Antiretroviral treatment programme

- The programme was introduced as part of the Comprehensive Treatment, Management and Care Plan for HIV and AIDS patients nationally in November 2003.
- The first ARV site became functional on 3 May 2004. An ARV site consists of a treatment site (Hospital) and three referring clinics (Assessment Sites). The only exception to this was in the Xhariep district, where treatment and assessment sites were combined in three sites, because of the small number of patients and large geographical distances.
- The programme was implemented at the following institutions: Bongani Hospital ARV site (333 adults and 36 children on ARV treatment), National hospital ARV site (494 adults and 44 children on ARV treatment), Manapo hospital ARV site (167 adults and 14 children on ARV treatment) and Metsimaholo hospital ARV site (60 adults and 3 children on ARV treatment). The fol-

- lowing ARV sites are in Xhariep District: Bophelong CHC in Petrusburg (14 adults and 1 child on treatment), Itumeleng Clinic in Jagersfontein (2 adults and 2 children on treatment) Nelson Rolihlahla Mandela Clinic in Edenburg (1 adult) and Ethembeni Clinic in Koffiefontein (3 adults).
- During a review of the patients that were seen in 2004 (excludes the first 3 months of this year), a total of 6 060 patients were seen at these facilities of which 5 506 were HIV positive, of which 1 193 patients had a Cd4 count less than 200. By December 2004, 509 patients were on treatment. Sub-optimal adherence was reported in 5% of patients.

Sexually Transmitted Infections (STI)

- The Department is implementing the National Policy on Syndromic Management of Sexually Transmitted Infections. To date, 70,81% of targeted personnel have been trained to implement this policy.
- STI Treatment protocols are available in all facilities.



STI Awareness day was celebrated in Bothaville in February 2005



World TB Day in March 2005 was celebrated at Bethulie with special guest Lilian Dube

Tuberculosis (TB)

- The TB Medium Term Development Plan (the 3-year Strategic Plan of TB) is being implemented.
- The Directly Observed Treatment Short Course (DOTS) was implemented in all services with a 96% patient coverage. To date, DOTS is being provided in all towns in the Free State with a total of 1 436 volunteered DOTS supporters and 6 679 DOTS beneficiaries.
- 20 Local Area Municipalities are Demonstration and Training Areas for the Tuberculosis programme. 80% of staff has been trained in TB.
- A Lung Disease Initiative called PALSA, is being piloted in the province to improve the diagnosis of lung diseases.
- A Multi Drug Resistant (MDR) TB unit was built and opened at Moroka Hospital.
- HAST committees have been established in all districts with the aim to integrate the following health programmes, namely TB, HIV and AIDS, PMTCT, VCCT and STI at primary health care facilities.
- The Centre for Excellence at Pelonomi Hospital has been established. It will be managed by specialists in the Department of Internal Medicine and Paediatrics based at Pelonomi.

Policy for cadres of community workers

The policy for cadres of community workers who will assist the department with services such as home-based care, step-down facilities, VCCT and DOTS, was developed.

NUTRITION, INCLUDING MATERNAL AND WOMEN'S HEALTH

Cervical Cancer Screening Programme

Cervical cancer screening is presently done on <1% of targeted women aged 30 and over. Coverage will increase to 3% of the targeted population in 2004/5 and will increase by another 1% per year per total targeted female population of the province. Training of master trainers in each district was outsourced.

Genetic Services

- The Genetic Services Programme is responsible for the training of district genetic nurses to be facilitators for genetic disorders, support groups and to support the haemophilia treatment centre. 30 professional nurses in the province were trained in genetic birth defects.

Maternal Health

- The recommendations of the National Committee on Confidential Enquiry into Maternal Deaths (NCCEMD) were implemented to reduce maternal deaths. The department implemented corrective action which focused on special training for doctors in spinal anaesthesia, ensuring functional equipment and the availability of emergency drugs and blood. This will improve the safety of caesarean sections. The Departments of Obstetrics and Anaesthesia conducted a survey on maternity and caesarean section facilities and submitted a proposal in this regard.
- The Decentralised Education Program for Advanced Midwives (DEPAM) has been instituted to strengthen the skills of midwives in the province. Eight nurses completed the advanced midwives course.



Maternal Health staff were acknowledged for complying with the criteria of the Baby Friendly Hospital Initiative Programme

Choice on Termination of Pregnancy

From April 2004 to 30 September 2005, a total of 8 401 pregnancies were safely terminated.



Child Health

- The IMCI strategy has been expanded to all health districts to help reduce the under-five mortality rate from 53/1000 to 18.4/1000.
- The Baby Friendly Hospital Initiative Programme, whereby 8 hospitals obtained Baby Friendly status plus one Community Health Centre, was implemented.
- The Expanded Programme on Immunisation obtained an 80% provincial coverage rate.
- The Malnutrition Programmes, including the following sub-programmes: the Malnutrition Programme, the Supplement Support Programme for children under 5 years, a programme for Chronic ill Patients, a programme for Pregnant Women and Lactating Women and a Geriatric Programme were implemented at all health facilities and were strengthened.
- The department is on course to eradicate polio in the Free State. The AFP stool adequacy rate has improved from 45% to 87%.
- The Department is one of the stakeholders in the Child Support Grant Programme (target group birth – 18 years).

OTHER COMMUNITY SERVICES

Cataract Surgery

The number of Cataract surgeries performed increased from 465 in 1999 to 2 264 in 2003. In 2004, 3 157 cataract surgeries were performed. The cataract surgery rate per million population in the Free State for 2004 was 1 489.



Δatarakblits verbeter rekora

IN HANDELSUITSLUITING

100 katarakblits by die Mofumahadi Manapo Mopeli Hospitaal in Mofumahadi. Hierdie is die eerste keer dat soveel katarakblits operasies in 'n kort tydperk uitgevoer is. Die operasies is deur 'n span van oënskynkundiges en assistente uitgevoer. Die operasies is deur 'n span van oënskynkundiges en assistente uitgevoer.

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Establishment of an Eye Care Centre

A new eye care centre became operational in April 2004 at Mofumahadi Manapo Mopeli Regional Hospital. During a special project at Mofumahadi Manapo Mopeli clinic on eye care from May to November 2004, 1 083 patients were seen. A total of 941 spectacles were prescribed. An outreach project from Mofumahadi Manapo Mopeli hospital reached 566 people.

Oral Health Services

- Currently there are 101 dental clinics and six mobile clinics in the province. The introduction of community service dentists improved accessibility.
- The department has entered into agreements with the University of Pretoria and the University of Limpopo to train specialists in maxillo facial and oral surgery and orthodontics. One specialist is being trained in maxillo facial and oral surgery. Another specialist is being trained in orthodontics.
- Preparations commenced for the implementation of the Mental Health Act (Act 17 of 2002) after it was promulgated.



Mental Health and Substance Abuse

- The new Mental Health Care Act was promulgated on 15 December 2004. Implementation will start as soon as the boards are established.
- Mental health is provided as part of the PHC package. Provincial policy guidelines and protocols for treating prioritised psychiatric conditions were made available.
- A call for nominations for the Mental Health Review Board was sent out in order to establish three boards at Boitumelo, Mofumahadi Manapo Mopeli Regional Hospitals and the Psychiatric Complex.
- The Victim Empowerment Programme (VEP) focuses on multisectoral efforts to eliminate abuse. There are four Victim Support Centres.



Environmental Health

- Environmental indicators were developed and implemented.
- Environmental structures were reviewed in line with the National Health Bill.
- Health Care risk waste was outsourced to comply with the National Air Quality Bill and the Environmental Management Act. All the provincial hospitals are on the tender.
- A provincial Health Care Risk Waste Management workshop was convened for all municipalities and providers in the Free State province.
- Provincial and municipal environmental health practitioners were trained in food fortification to monitor fortified foods in the province.

Occupational health

- A provincial occupational health program for the benefit of ex-miners was developed and improved for implementation.
- Health and safety representatives was trained.

Disabilities and Rehabilitation



- 11 Assistive devices repair workshops render services in the province. A total of R6.3 million was spent on assistive devices for the past three years.
- 11 Assistive devices banks are rendering services in the province.
- Most of the health facilities are being upgraded to meet the minimum requirements as set out in the accessibility assessment criteria. 133 Health Care facilities were evaluated for accessibility. 8 facilities received golden status, 13 silver status and 42 bronze status.
- A Vocational Evaluation and Rehabilitation Centre was established for people with disabilities to assist them to enter the job market
- Health promotion is more accessible to persons with disabilities.
- Frontline personnel were trained in sign language. 107 officials of the Department of Health were trained in basic South African sign language.
- Videotapes were made with HIV and AIDS messages for deaf people. Managers of day care centres for children with disabilities were trained in the use of therapeutic toys that were provided.

Communicable Diseases

A provincial and 5 district disease outbreak response (DORT) task teams were established and retrained. The DORT policy has been finalised.

Chronic Diseases

- The World Health Organisation supports the implementation of health promotion strategies.
- An integrated approach to home-based care (including palliative care) has been implemented in partnership with the co-ordinating NGOs for home-based care.

HUMAN RESOURCE MANAGEMENT

- Currently there are 24 742 posts on the staff establishment. On 31 March 2005 a total of 15 422 posts were filled. This is a vacancy rate of 31.75%.
- The recruitment and retention of scarce skills, such as Doctors, Pharmacists, Therapists, and others are of great concern.
- The Free State Provincial Government is currently involved in a pilot project to address the issue of absenteeism and ill-health retirement.
- This department was also involved in a comprehensive audit of the management of sick leave. The Auditor General conducted the audit. An implementation plan has been drafted which will address the problem areas.
- In line with Public Service Regulations, an Employee Assistance Programme Unit has been established to take care of the well-being of employees. A policy was drafted and the unit is being made functional.
- A draft Employee Assistance Programme was developed.
- A draft policy on the retention of scarce skills was developed. To date 1 859 scarce skills, 1 069 rural allowances, 458 in-hospital allowances are being paid to persons who qualify.

Strategies implemented to improve absenteeism and staff turnover rates

- Monitor, control and capacitate institutions on leave and absenteeism.
- Draft a guideline on absenteeism to empower supervisors in the handling of problem cases.
- PERSAL training to all institutions to capture leave on the system.
- The PERSAL Helpdesk monitors and controls to ensure that transactions are correctly captured.
- Support institutional management to ensure that they are aware of prescribed actions regarding the abuse of sick leave.
- Regular iCAM training to empower supervisors in their responsibility regarding the refusal of unacceptable sick leave certificates.
- All occupational classes that qualify are to be issued with new revised uniform/protective clothing and a market-related shoe allowance. This could improve morale.
- Occupational classes with high staff turnover rates are to be identified and reasons for this phenomenon are to be investigated and improved, if possible.

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance		
			2003/2004	2004/2005	
HIV and AIDS	GOAL1. REDUCE THE BURDEN OF HIV AND AIDS AND TB				
	Objective 1.1 Develop and maintain Home-based care and Step-down facilities in the Free State Province	Percentage of towns where Home-based care initiatives are implemented and marketed.	Implemented in 74 towns in the Free State. This equals 85% of towns in the province.	Home-based care has been implemented in 81 towns of the Free State province (100%)	
		Cost and efficiency of Step-down facilities evaluated.	The evaluation of cost and efficiency of Step-down facilities has been postponed to 2004/2005 financial year	The evaluation of cost and efficiency of step-down facilities is outstanding.	
		Number of additional functional step-down facilities established per district.	No additional step-down facilities were established.	A total of 8 Step-down facilities are functioning well. A total of 105 carers are involved in the provision of care with a total of 572 beneficiaries.	
	Objective 1.2 Develop and implement a policy for cadres of community workers who will assist the department with services such as Home-Based Care, Step-down facilities, VCCT and DOTS	Implementation of a policy for cadres of community workers.	The policy for cadres of community workers is in the final stages of consultation.	The policy for cadres of community workers was developed, posted on the Intranet and is being implemented.	
		Percentage of existing and future community workers managed by NGOs independently.	100% of community health workers are being managed by NGOs in partnership with the Department of Health.	100% of existing community workers is being managed by NGOs independently.	
		Treatment protocols exist at all levels of care.	TB and STI protocols are available at 100% of PHC facilities. HIV and AIDS protocols (including for children, nutrition and the Diflucan programme) are available.	All prescribers have treatment protocols on STI, TB, ARV and chronic conditions including Asthma, Hypertension and Diabetes.	
		Relevant staff trained at all facilities in the use of the management protocols.	Training was conducted to enable 59.51% of nursing personnel from all districts to implement the treatment protocols.	90% of all staff in ARV sites was trained. TB:80%; Chronic conditions - In all clinics, at least one person is trained.	
		Targeted personnel trained in implementing Syndromic Management of Sexually Transmitted Infections (STIs) in all districts.	A total of 547 professionals have been trained in syndromic management of STIs in all districts in the Free State.	70.8% of targeted personnel were trained in implementing Syndromic Management of STIs in all the districts. At least one person has been trained per facility in all PHC facilities.	
		VCCT rolled out to all Health Facilities in the Free State.	VCCT has been rolled out to 82% of towns in the Free State.	VCCT has been rolled out to 95% of sites - 70 towns. 242 sites exist.	
	Objective 1.3 Appropriate management of HIV and AIDS & TB	PMTCT Expansion Programme introduced to agreed-upon facilities.	Comprehensive PMTCT services are available at 8 hospitals, 2 community health centres and 76 feeder clinics.	PMTCT has been introduced to 100% of facilities targeted for this financial year. The programme has been expanded to 31 hospitals and 140 feeder clinics that provide maternity services.	

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance		
			2003/2004	2004/2005	
HIV and AIDS	GOAL1. REDUCE THE BURDEN OF HIV AND AIDS AND TB				
	Objective 1.3 Appropriate management of HIV and AIDS & TB	A Management Information System for rape survivors in all districts.	District Mental Health co-ordinators were nominated to facilitate the collection of data from health institutions, until a formal system is in place.	A Management Information System has ensured that reporting coverage for rape cases is for the whole province.	
		Provision of HIV and AIDS Post Exposure Prophylactic (PEP) treatment to rape victims.	Counselling services have been established at 12% of facilities that provide care for rape survivors. Counselling is available at the first evaluation.	Counselling services are available at all facilities providing PEP for rape.	
		Improved the Smear Conversion rate achieved for the province.	The smear conversion rate achieved in the Free State province was between 64% and 74,1% for new smear positive cases.	The smear conversion rate achieved for new positive cases, was 73.2% for the Free State and the smear conversion rate for re-treatment cases was 60.1%.	
	Objective 1.4 Increase the TB cure rate of new TB cases to 85%	Reduced Treatment Interruption Rate for the province.	The treatment interruption rate was 8.1%	The treatment interruption rate achieved was 6.8%.	
		Improved the cure rate for new pulmonary TB cases for the province	The cure rate of new smear positive cases achieved, was 68.4%	New criteria have been introduced which are difficult to achieve. The cure rate for new Pulmonary TB cases achieved for the province for 2004, was 63.9%.	
		Implementation of the electronic TB register at district level.	The electronic TB register has been 100% implemented in all five districts.	100% of clinics have implemented the electronic TB register. The focus shifted to extending the implementation to all the hospitals.	
		All volunteers receive stipends when they have conformed to the departmental policy.	No payments are outstanding.	100% of volunteers have received stipends. The new stipend control mechanism is being piloted.	
		MDR TB unit at Dr Moroka hospital is fully functional as a cost centre, integrated at Moroka Hospital.	The MDR TB unit is functional and all MDR TB patients are treated in this unit. Training has been provided to the personnel at the MDR TB unit, as well as to district TB co-ordinators.	The unit is fully integrated and is functioning as a cost centre of Dr Moroka Hospital. The bed occupancy rate is 100%. Upgrading of the facility to take place soon.	
	Objective 1.5 Introduce and sustain a food security programme	All registered patients provided with food supplements, as prescribed.	The collection of the minimum data set is currently under review to ensure the provisioning of accurate information on this programme in the future. A rapid evaluation of the nutrition programme has been conducted.	28 706 children under 5 years received PEM treatment (98%). Provincial data shows 2917 malnourished children under 5 years (738 were underweight and 107 severely malnourished).	
		Implementation of the malnutrition programme through all clinics in the Free State.	All health care services in the province have access to the malnutrition programme.	The policy was revised according to the need. The current Malnutrition Policy was changed to the Nutrition Supplementation Policy.	

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
HIV and AIDS and NUTRITION	GOAL 1. REDUCE THE BURDEN OF HIV AND AIDS AND TB			
	Objective 1.6 Establish disease outbreak response teams (DORT) at provincial level	Disease Outbreak Response Teams established and functional in each of the districts in the province.	No report for this period.	The DORT teams are trained and functional. 44 people have been trained on DORT in the 5 Districts.
	GOAL 3. FUNCTIONAL DISTRICT HEALTH SYSTEM			
	Objective 3.1 Implement the District Health System accorded to an approved programme based on the Provincial Health Act (Act 8 of 1999)	Governance structures functional according to an approved programme based on the Provincial Health Act (Act 8 of 1999).	Governance structures have been established and are functional. Institutional meetings were held according to policy. 80% of clinic committees are fully functional.	Governance structures in place and functional. These will be transformed in line with the National Health Act..
		Participative decision-making with governance structures.	Participative decision-making with governance structures being developed. Functional integration in place. A programme of action was developed.	Municipal services integrated into provincial system in all but one district. Negotiations continue.
		Service Level Agreements implemented and monitored according to district plans in all local municipalities.	Service level agreements signed with all 20 local municipalities.	Service Level Agreements were implemented and monitored according to District plans.
		Electronic District Health Information System (eDHS) developed.	District Health Information System implemented.	The system is in place in all the Health Districts.
	GOAL 4. EFFECTIVE MARKETING AND COMMUNICATION OF HEALTH SERVICES			
	Objective 4.1 Develop and implement a service marketing plan	Services marketing pilot plan implemented.	Academic Health Services complex and 2 institutions implemented services marketing plans.	The Services Marketing Strategy and the Implementation Plan was approved and Institutional Plans were aligned.
		An integrated Health Promotion strategy developed.	All districts had health promotion projects.	Corporate Health promotion plan launched and implemented.

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
CLINICS, COMMUNITY HEALTH CENTRES, DISTRICT HOSPITALS AND OTHER COMMUNITY SERVICES	Objective 4.2. Develop and implement Health promotion and school health services programme.	School health services implemented.	1 complex implemented.	2 complexes implemented.
		Integrated communication strategy developed in line with the services marketing plan.	The integrated communication strategy has not yet been implemented.	An integrated communication strategy was implemented. A media strategy draft has been completed.
	GOAL7. ACCESSIBLE AND QUALITY SERVICES AT ALL LEVELS			
	Objective 7.1 To provide comprehensive health care services to communities at all levels of care.	Measurement of total service delivery per level of care.	In the Northern Free State Health Complex, a baseline study on service delivery was completed. Other health complexes still have to complete their baseline studies.	Indicators monitored.
		New Mental Health Act implemented.	The third draft of the provincial Mental Health Care policy was circulated for inputs.	Preparation for the implementation of the New Mental Health Care Act is underway.
		New Mental Health Act implemented.	Funding proposal approved and steering committee established.	4 of the 5 districts have Healthy Settings Projects.
		Plan implemented.	NFS: 80% EFS risk management plans available in hospitals. Academic Health Services Cluster 90% functional. Unusual incidents reduced by 30%.	A new draft document on risk management has been compiled. Plans are implemented in all the institutions.
	Objective 7.2 Health care risk management plan developed.		24-hour services available at district hospitals and selected clinics and the CHCs. In other areas, the on-call referral systems ensure access to 24-hour services. District Health Services plans make provision for this.	Each district health plan ensures access supported by the referral plan and commuter transport system.
	Objective 7.4 Ensure accessibility to services at all local municipality areas on a 24-hour basis.	District service plans based on local municipality needs.		
	Objective 7.5 Ensure that all hospitals are accredited according to the COHSASA standards.	Institutions have implemented quality circles at middle management level.	The objective was replaced by the COHSASA programme. Committees were established in certain institutions, but are not yet functional.	17 hospitals progressed to the final facilitation stage. Diamant Hospital was re-introduced to the program. Mafube hospital is now fully accredited.
DISTRICT HOSPITALS				

REPORTING ON STANDARD NATIONAL INDICATORS

Performance indicators for District Health System

Indicator	Type	Province-wide value 2004/05	Motho 2004/05	Xhariep 2004/05	Thabo Mofutsanyana 2004/05	Lejweleputswa 2004/2005	Northern Free State 2004/2005	National target 2004/5
Input								
1. Uninsured population served per fixed public PHC facility	No	2 961 to 14 129	8 254	2 961	9 389	14 129	11 237	<12 200
Provincial PHC expenditure per uninsured person	R	65 to 216.44	141.27	216.44	121.70	65	97	N/A
2. Local government PHC expenditure per uninsured person	R	22.07 to 97.94	26.60	97.94	22.07	27.47	35	N/A
3. PHC expenditure (provincial plus local government) per uninsured person	R	27.47 to 316.51	163.09	316.51	143.77	R92.47	131	227
4. Professional nurses in fixed PHC facilities per 100 000 uninsured persons	No	14 to 39	14	31	28.6	39	37.3	107
5. Sub-districts offering full package of PHC services	%	55 to 100	55	100	100	100	75	60
In the Free State there are some clinics which will not render the full Primary Health Care package as defined. Clinics have been classified as those with only nurses, those where a doctor renders services at regular intervals and those which render the full package of care. The referral system ensures that patients are managed at the appropriate level.								
6. EHS expenditure (provincial plus local govt) per uninsured person	R	1.25 to 6.28	1.25	6.28	1.71	2.00	2.00	9
Process								
7. Health districts with appointed manager	%	100	100	100	100	100	100	92
8. Health districts with plan as per DHP guidelines	%	100	100	100	100	100	100	48
9. Fixed PHC facilities with functioning community participation structure	%	36.8 to 100	77	36.8	100	90	90	69

Performance indicators for District Health System

Indicator	Type	Province-wide value 2004/05	Motho 2004/05	Xhariep 2004/05	Thabo Mofutsanyana 2004/05	Lejweleputswa 2004/2005	Northern Free State 2004/2005	National target 2004/5
10. Facility data timeliness rate for all PHC facilities	%	78 to 100	100	100	100	78	78	80
Output								
11. PHC total headcount	No	6 040 799	1 501 048	339 457	1 841 393	1 281 005	1 077 897	N/A
12. Utilisation rate - PHC	No	2.2 per capita	2.0	2.4	2.5	2.00	2.2	2.3
13. Utilisation rate - PHC under 5 years	No	3.7	3.5	3.4	4.5	2.9	3.8	3.8
Quality								
14. Supervision rate	%	66.6 to 100	75	66.6	80	80	100	78
15. Fixed PHC facilities supported by a doctor at least once a week	%	18.4 to 86.9	18.4	52.6	49	86.9	70	31
Efficiency								
16. Provincial PHC expenditure per headcount at provincial PHC facilities	R	38.12 to 138	57.23	132.13	38.12	102	138	99
17. Expenditure (provincial plus LG) per headcount at public PHC facilities	R	14.50 to 154.47	59.47	154.47	61.56	58.60	119	99
Outcome								
18. *Health districts with a single provider of PHC services	%	0	0	100	0	100	0	50

Performance indicators for District Hospitals

Indicator	Type	Province-wide value 2004/05	Motho 2004/05	Xhariep 2004/05	Thabo Mofut- sanyana 2004/05	Lejwele- putswa 2004/2005	Northern Free State 2004/2005	National target 2004/5
Input								
Expenditure on hospital staff as % of district hospital expenditure	%	63 to 87.55	76.48	87.55	73.63	63	67	
Expenditure on drugs for hospital use as % of district hospital expenditure	%	5.8 to 14.35	6.2	5.8	14.35	9	8.63	11
Expenditure by district hospitals per uninsured person	R	105.44 to 226.14	226.14	165.51	160.30	105.44	192.67	
Process								
District hospitals with operational hospital board	%	100	100	100	100	100	100	76
District hospitals with appointed (not acting) CEO in post	%	100	100	100	100	100	100	69
Facility data timeliness rate for district hospitals	%	100	100	100	100	100	100	34
Output								
Caesarean section rate for district hospitals	%	3.4 to 18.7	18.7	3.4	7.6	10.5	14.7	12.5

Performance indicators for District Hospitals

Indicator	Type	Province-wide value 2003/04	Motheo	Xhariep	Thabo Mofut-sanyana	Lejwele-putswa	Northern Free State	National target
Quality								
District hospitals with patient satisfaction survey using DOH template	%	0	0	0	0	0	0	10
District hospitals with clinical audit (M and M) meetings every month	%	0 to 100	0	100	0	100	50	36
Efficiency								
Average length of stay in district hospitals	%	2.94	4.5	2.4	2.9	2.8	2.1	
Bed utilisation rate (based on usable beds) in district hospitals	%	70.28	70.6	66.2	61.7	73.8	79.1	
Expenditure per patient day equivalent in district hospitals	R	549 to 1171	873.77	549.00	1171	689	566.25	814 in 2003/04 prices
Process								
Case fatality rate in district hospitals for surgery separations	%	1.66	2.5	0.5	2.0	1.5	1.8	3.9

Performance indicators for HIV and AIDS, Sexually Transmitted Infections and Tuberculosis

Indicator	Type	Province-wide value 2004/05	National target 2004/05
Input			
*ARV treatment service points compared to plan	%	5 Treatment sites and 15 assessment sites	100
Fixed PHC facilities offering PMTCT	%	27.4%	50
Motheo		10%	No target
Xhariep		15%	No target
Thabo Mofutsanyana		43%	No target
Lejweleputswa		12%	No target
Northern Free State		13%	No target
Fixed PHC facilities offering VCT	%	95%	90
Hospitals offering PEP for occupational HIV exposure	%	100%	100
Hospitals offering PEP for sexual abuse	%	District Hospital and 2 Victim Support Centres	100
HTA Intervention sites compared to plan	%	3 sites	N/A
Process			
TB cases with a DOT supporter	%	96%	100
Male condom distribution rate from public sector health facilities	No	76	7
Male condom distribution rate from primary distribution sites	No	15.7	21
Fixed PHC facilities drawing blood for CD4 testing	No	16	N/A
Fixed facilities referring patients to ARV treatment points assessment	%	15	N/A
Output			
STI partner treatment rate	%	21%	27
Clients HIV pre test counselled rate in fixed PHC facilities	%	20 243 persons	80
Patients registered for ART compared to target	%	6916 patients	N/A
TB treatment interruption rate	%	6.8%	10
Quality			
TB sputa specimens with >48 hours turn-around time	%	64.2%	
Efficiency			
Dedicated HIV and AIDS budget spent	%	99%	
Outcome			
New smear positive PTB cases cured at first attempt	%	73.2%	65

Performance indicators for MCWH and Nutrition

Indicator	Type	2003/04	2004/05	2005/06	2006/07	2007/08	National target 2007/08
Incidence							
Incidence of severe malnutrition under 5 years	%	1.6	6.4 per 1000 pop	0.90	0.85	0.80	
Incidence of pneumonia under 5 years	%	6.03	166.78 per 1000 pop	6	5.80	5.60	
Incidence of diarrhoea with dehydration under 5 years	%	2.18	9.3 per 1000 pop	2	1.90	1.80	
Input							
Hospitals offering TOP services	%	5	5	No data	No data	No data	100
CHCs offering TOP services	%	0	0	45	50	60	80
Process							
AFP detection rate	%	11	8 cases detected	9	9	9	1
AFP stool adequacy rate	%	100	87	80	80	80	80
Output							
(Full) Immunisation coverage under 1 year	%	82.32	80	85	87	89	90
Vitamin A coverage under 1 year	%	74	93.2	78	80	82	80%
Measles coverage under 1 year	%	84.02	94	84	86	88	90
Cervical cancer screening coverage	%	< 1	2.7	4	5	6	15
Quality							
Facilities certified as baby friendly	%	5	13	18	22	26	30
Fixed PHC facilities implementing IMCI	%	49%	72%	74%	76%	78%	
Outcome							
Not gaining weight under 5 years	%	4.43	3.5	4.20	4.00	3.80	

Performance indicators for disease control

Indicator	Type	Province-wide value 2003/04	National target 2003/04
Input			
Trauma centres for victims of violence	No	4	N/A
Process			
CHCs with fast queues for elderly persons	%	100%	10
Output			
Health districts with health care waste management plan implemented	No	100% of provincial hospitals	N/A
Hospitals providing occupational health programmes	%	90%	80
Integrated epidemic preparedness and response plans implemented	Y/N	yes	Yes
Integrated communicable disease control plans implemented	Y/N	yes	Yes
Dental extraction to restoration rate	No		0.5
***Malaria fatality rate	No	zero	0.40
***Cholera fatality rate	No	zero	1
*Cataract surgery rate	No	1 489 per million	950

* The cataract surgery rate is calculated annually not according to the financial year. The rate is the number of cataract operations per million population.

** Health care services for older persons have been implemented into the Primary Health Care Package.

***The Free State is not an endemic area for Malaria and Cholera. Most cases are imported cases and are being treated as reported.



PROGRAMME 3: EMERGENCY MEDICAL HEALTH SERVICES

Aim

Emergency Medical Services (EMS) provide medical rescue, clinical and transport support to ensure that patients are rapidly stabilised and transported to get the care they need within the shortest possible time.

Programme Description

The EMS programme consists of three sub-programmes:

- Pre-hospital emergency transport
- Inter-hospital transport
- Planned patient transport



Broad policies, priorities and strategic goals implemented during 2004/05

- Emergency Medical Services are fully operational in all municipalities. There are 67 stations and satellite points.
- The average response times currently range from 45 to 60 minutes in urban areas and 60 to 90 minutes in rural areas.
- Planned Patient Transport for non-emergency cases is implemented in all districts with dedicated staff separate from pre-hospital.
- There are 800 personnel employed in various categories. Thirteen Advance Life Support professionals are being trained to improve the quality of care of pre-hospital

emergency services. The entire province has four Advance Life Support professionals.

- Inter-hospital transport is fully implemented in the Bloemfontein area, covering Universitas Academic Hospital, Pelonomi Regional Hospital and National District hospital. Other hospitals in the provinces were covered by pre-hospital emergency transport due to lack of resources.
- In partnership with Department of Local Government and Housing an emergency services control room has been built in Bloemfontein for emergency medical services and disaster management.



Challenges for 2005

The available budget is insufficient to implement the Emergency Medical Services Plan in terms of appointments, purchasing of ambulances and training. The plan will be implemented in phases.

Priorities

The following priorities will be addressed:

- Attain 20 to 45 minutes average response time in urban areas by purchasing vehicles and expanding staff establishment.
- The operation of two provincial control rooms. One provincial control room is supposed to be fully functional in Bloemfontein and the other in Bethlehem is used as a back-up and during disaster.
- Implement an appropriately skilled staff establishment for EMS personnel in the entire province.
- Implement inter-hospital services at all hospitals in the province.
- Improve the dedication and efficiency of the planned patient transport service.
- Increase ambulance stations to 74 in the province.

Specification of measurable objectives and performance indicators of the EMS programme

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
EMERGENCY MEDICAL SERVICES	GOAL 2. EFFECTIVE AND EFFICIENT MANAGEMENT OF RESOURCES			
	GOAL 3. FUNCTIONAL DISTRICT HEALTH SYSTEM			
	Implement new EMS plan:	Ambulance per 1 000	population	New stations: 3 Old stations : 37 Total: : 40
	GOAL 5. DEVELOP AND EMPOWER PERSONNEL AND STAKEHOLDERS			
	Improve training of EMS personnel	Number of personnel trained to intermediate level Number of personnel trained to advanced level		Range over district of locally based staff with training in: BLS 26% to 74% ILS 2.4 % to 10% ALS 0% to 0.2%
	GOAL 6. APPROPRIATE INFRASTRUCTURE			
	Establish efficient and functional EMS stations	Number of functional station		1 call centre established and functional at Pelonomi hospital
	GOAL 7. ACCESSIBLE AND QUALITY SERVICES AT ALL LEVELS			
	Ensure accessibility to services at all local municipality areas on 24-hour basis	Number of local municipalities with EMS stations		Each district health plan provides for access to Emergency Medical Services

REPORTING ON STANDARD NATIONAL INDICATORS

Performance indicators for EMS and patient transport

Indicator	Type	2003/04	2004/05	2005/06	2006/07	2007/08	National target 2007/08
Ambulances per 1 000 people							
Motheo	No	0.12	0.12	0.2	0.25	0.3	0.2
Xhariep	No	0.12	0.12	0.2	0.25	0.3	
Thabo Mofutsanyana	No	0.13	No targets as yet				
Lejweleputswa	No	0.034	0.05	0.08	0.15	0.3	
Northern Free State	No	0.053	0.07	0.09	0.15	0.3	
Hospitals with patient transporters							
Motheo	%	66	74	84	94	100	70
Xhariep	%	77	77	84	94	100	
Thabo Mofutsanyana	%	Shuttle vehicles are currently allocated to EMS					
	%	100	100	100	100		
Lejweleputswa	%	03/04: EMS provides service to 100% clinic patients. Inter-hospital ambulances not in place yet.					
Northern Free State	%	03/04: EMS provides service to 100% clinic patients. Inter-hospital ambulances not in place yet.					
Process							
Kilometres travelled per ambulance (per annum)							
Motheo	km	80 000	No targets as yet Implement systems to measure indicator				
Xhariep	km	100 000					
Thabo Mofutsanyana	km	122 000					
Lejweleputswa	km	60 000					
Northern Free State	km	54 000					
Locally based staff with training in BLS							
Motheo	%	74	84	74	64	50	59
Xhariep	%	74	84	74	64	50	
Thabo Mofutsanyana	%	180	No targets as yet				
Lejweleputswa	%	40.9					
Northern Free State		26					
Locally based staff with training in ILS							
Motheo	%	10	15	20	30	40	29
Xhariep	%	10	15	20	30	40	
Thabo Mofutsanyana	%	180	No targets as yet				
Lejweleputswa	%	40.9%					
Northern Free State		26%					
Locally based staff with training in ALS (Total for province = 12)							
Motheo	%	0	2	4	7	10	15
Xhariep	%	0	2	4	7	10	

Indicator	Type	2003/04	2004/05	2005/06	2006/07	2007/08	National target 2007/08
Quality							
Response times within national urban target (15 mins)							
Motheo	%	45-60 mins	45-60 mins	30-45 mins	5 mins	15 mins	50
Xhariep	%	0 90-120 mins	0 90-120 mins	90 mins	90 mins	75 mins	
Lejweleputswa	%	41.6 (10-15 mins)	41.6 (10-15 mins)	41.6 (10-15 mins)	41.6 (10-15 mins)	41.6 (10-15 mins)	
Northern Free State	%	41.6 (10-15 mins)	41.6 (10-15 mins)	41.6 (10-15 mins)	41.6 (10-15 mins)	41.6 (10-15 mins)	
Response times within national rural target (40 mins)							
Motheo	%		60 mins	60 mins	50 mins	50 mins	50
Xhariep	%		90-120 mins	90 mins	90 mins	90 mins	
Thabo Mofutsanyana	%	82 mins	75 mins	60 mins	60 mins	60 mins	
Lejweleputswa	%	50% (30-35 mins)	50% (30-35 mins)	50% (30-35 mins)	50% (30-35 mins)	50% (30-35 mins)	
Northern Free State	%	50% (30-35 mins)	50% (30-35 mins)	50% (30-35 mins)	50% (30-35 mins)	50% (30-35 mins)	
Call-outs serviced by a single person crew	%	All calls responded to by 2 man crew					1.8
Efficiency							
Ambulance journeys used for hospital transfers							
Motheo		30%	25%	17%	10%	0%	30
Xhariep		25%	25%	17%	10%	0%	
Thabo Mofutsanyana		363	No targets as yet Implement systems to measure indicator				
Lejweleputswa		45%					
Northern Free State		38%					
Green-code patients transported by ambulance							
Motheo	%	57%	50%	40%	30	20%	
Xhariep	%	43%	43%	40%	30	20%	
Thabo Mofutsanyana	%	143	No targets as yet Implement systems to measure indicator				
Lejweleputswa	%	85%					
Northern Free State	%	72%					

Indicator	Type	2003/04	2004/05	2005/06	2006/07	2007/08	National target 2007/08
Cost per patient transported by ambulance							
Motheo	R	R128	R984.40	R140	R150	R160	
Xhariep	R	R128	R128	R140	R150	R160	
Thabo Mofutsanyana	R	No data					
Lejweleputswa	R	R984.40	R1 000	No targets as yet Implement systems to meas- ure indicator			
Northern Free State	R	R984.40	R1 000				
Ambulances with less than 500 000 km on the clock							
Motheo	%	98%	98%	100%	100%	100%	50
Xhariep	%	98%	98%	100%	100%	100%	
Thabo Mofutsanyana	%	43					
Lejweleputswa	%	100%	100%	100%	100%	100%	
Northern Free State	%	100%	100%	100%	100%	100%	
Output							
* Patients transported (by PTS) per 1 000 separations							
Northern Free State	No	44 805 (PPT=6)					10
Motheo	No	43 000	80%	70%	60%	50%	
Lejweleputswa	No	53 0212 (PPT=13)					
Xhariep	No	23 000	80%	70%	60%	50%	
Thabo Mofutsanyana	No	5 931					

*No statistics are available due to the lack of a control centre





PROGRAMME 4: PROVINCIAL HOSPITAL SERVICES

Aim

Provincial Hospital Services render specialised regional hospital and psychiatric services in the Free State.

Programme Description

Provincial Hospital Services programme in the Free State consists of the following sub-programmes:

- General (regional) hospitals (Pelonomi Hospital, Bongani and Boitumelo complex, Dihlabeng and Mofumahadi Manapo Mopeli complex), and
- Psychiatric hospitals (Free State Psychiatric Complex).

Programme Policy Developments

- All regional hospitals were registered with COHSASA and underwent an external survey for accreditation purposes.
- The burns unit at Pelonomi hospital is now functional.
- In order to strengthen management in a resource constrained environment regional hospitals have been complexed under single management teams. Chief Executive Officers have been appointed.
- The Meditech system was implemented at Boitumelo and Pelonomi hospitals. Planning and training for Bongani Regional Hospital have been concluded. The Meditech system is to improve access to patients' records and to improve care.
- Revitalization projects are in progress at Pelonomi, Dihlabeng, Boitumelo regional hospitals.
- A new renal unit was established at the Mofumahadi Manapo Mopeli Regional hospital.
- The Alcohol and Drug Abuse Prevention, Rehabilitation, Research and Education Centre (ADAPRAC) was closed during 2001/2002 and was reopened in 2004.

Specification of measurable objectives and performance indicators of the Provincial Hospital Services Programme

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
REGIONAL HOSPITALS AND PSYCHI- ATRIC HOSPI- TALS	GOAL 4. EFFECTIVE MARKETING AND COMMUNICATION OF HEALTH SERVICES			
	Objective 4.1 Develop and implement a service marketing plan.	Services marketing pilot plan implemented.	Academic Health Services complex and 2 institutions implemented services marketing plans.	The Services Marketing Strategy and the Implementation Plan was approved and Institutional Plans were aligned accordingly.
	GOAL 7 ACCESSIBLE AND QUALITY SERVICES AT ALL LEVELS			
	Objective 7.1. Provide comprehensive health care services to communities at all levels of care.	Legal implications of the new Mental Health Care Act implemented. Goal 7	The new Mental Health Care Bill has not been promulgated yet. Preparations for implementation are in process. The third draft of the provincial Mental Health Care Policy is in circulation for inputs. The policy outlines the mental health services at different levels of care and the responsibilities of managers as prescribed in the Mental Health Care Act.	The new Mental Health Care Act was promulgated on 15 December 2004. The plan for implementation of the Act is in place.
		Health Care risk management plan implemented.	Health Care risk management plan developed.	Health Care risk management plan implemented.
	Objective 7.5 Ensure that all hospitals are accredited according to COHSASA standards.	All hospitals enrolled.	All hospitals enrolled.	All hospitals evaluated and one accredited

REPORTING ON STANDARD NATIONAL INDICATORS

Performance indicators for general (regional) hospitals

Indicator	District	Hospitals	Type	2003/04 actual	2004/05 actual	2005/06 target	2006/07 target	2007/08 target	National target 2007/08
Input									
Expenditure on hospital staff as % of regional expenditure	Lejweleputswa	Bongani	%	62.36	62.36	63	65	66	66
	NFS	Boitumelo	%	65.86	65.9	65.9	65.9	66	
	EFS	Dihlabeng	%	60.7	69	68	67	66	
		MMM	%	66	70	68	68	66	
Expenditure on drugs for hospital use as % of regional hospital expenditure	Lejweleputswa	Bongani	%	6.14	8	10	12	12	6
	NFS	Boitumelo	%	12.69	12	12	12	12	
	EFS	Dihlabeng	%	5.7	6.1	7.1	7.5	8	
		MMM	%	7	7	7.1	7.5	8.5	
	SFS	Pelonomi	%	6.1	2%				
Expenditure by regional hospital per uninsured person	Lejweleputswa	Bongani	R	181.53	181.53	181.53	181.53	181.53	
	NFS	Boitumelo	R	231.56	231.56	231.56	231.56	231.56	
	EFS	Dihlabeng	R	79	98	98	231.56	110	
		MMM	R	112	115	115	116	125	
	SFS	Pelonomi	R	Level 1: 215.09					
			R	Level 2 39.84					
Process									
Regional hospitals with operational hospital board	Lejweleputswa	Bongani	%	100	100	100	100	100	100
	NFS	Boitumelo	%	100	100	100	100	100	
	EFS	Dihlabeng	%	100	100	100	100	100	
		MMM	%	100	100	100	100	100	
	SFS	Pelonomi	%	100	100	100	100	100	

Indica- tor	District	Hospi- tals	Type	2003/04 actual	2004/05 actual	2005/06 target	2006/07 target	2007/08 target	National target 2007/08
Process									
Regional hospitals with appointed (not acting) CEO in post	Lejwele-putswa	Bon-gani	%	100	100	100	100	100	100
	NFS	Boitu-melo	%	100	100	100	100	100	
	EFS	Dihla-beng	%	100	100	100	100	100	
		MMM	%	100	100	100	100	100	
	SFS	Pelo-nomi	%	100	100	100	100	100	
Output									
Caesar-ean sec-tion rate for regional hospitals	Lejwele-putswa	Bon-gani	%			26.8			
	NFS	Boitu-melo	%	19.14	21.6	18	18	8	
	EFS	Dihla-beng	%	54	58.5	60	58	55	
		MMM	%	64	43.7	70	68	65	
	SFS	Pelo-nomi	%	44	47.66	43.6			
Quality									
Regional hospitals with patient satisfac-tion sur-veys using template	Lejwele-putswa	Bon-gani	%	Patient satisfaction surveys was done at: <ul style="list-style-type: none">• Boitumelo• Dihhlabeng• Pelonomi Template not yet implemented in the Free State					100
	NFS	Boitu-melo	%						
	EFS	Dihla-beng	%						
		MMM	%						
	SFS	Pelo-nomi	%						
Regional hospitals with clini-cal audit (M and M) meetings every month	Lejwele-putswa	Bon-gani	%	100	100	100	100	100	90
	NFS	Boitu-melo	%	100	100	100	100	100	
	EFS	Dihla-beng	%	100	100	100	100	100	
		MMM	%	100	100	100	100	100	
	SFS	Pelo-nomi	%	100	100	100	100	100	

Indica- tor	District	Hospi- tals	Type	2003/04 actual	2004/05 actual	2005/06 target	2006/07 target	2007/08 target	National target 2007/08
Efficiency									
Ave- rage length of stay in regional hospitals	Lejwele- putswa	Bon- gani	days	5.57	4.9	5	5	5	4.1
	NFS	Boitu- melo	days	5.29	4.7	5	5	5	
	EFS	Dihla- beng	days	5.6	3.6	5.6	5.6	5.6	
		MMM	days	4.6	4.9	4.6	4.6	4.6	
	SFS	Pelo- nomi	days	7.2	7.0				
Bed utili- sation rate (based on usable beds) in regional hospitals	Lejwele- putswa	Bon- gani	%	74.10	77.3	75	75	75	72
	NFS	Boitu- melo	%	72.55	74.45	75	75	75	
	EFS	Dihla- beng	%	5.6	64.7	70	70	70	
		MMM	%	4.6	56.7	65	70	70	
	SFS	Pelo- nomi	%	85.4	73.6				
Expendit ure per patient equiva- lent in regional hospitals	Lejwele- putswa	Bon- gani	R	836.67	836.67	836.67	836.67	836.67	1 128
	NFS	Boitu- melo	R	748.5	748.5	748.5	748.5	748.5	
	EFS	Dihla- beng	R	1551	1540	1500	1300	1200	
		MMM	R	3074	2050	1500	1300	1200	
	SFS	Pelo- nomi	R	969.82	1027.75	1500	1300	1200	
Outcome									
Case fatality rate in regional hospitals for sur- gery separa- tions	Lejwele- putswa	Bon- gani	%	5.59	3.6	0	0	0	2.0
	NFS	Boitu- melo	%	4.49	3.8	2	2	2	
	EFS	Dihla- beng	%	0.2	2.9	0.13	0.13	0.13	
		MMM	%	0	4.8	No targets developed			
	SFS	Pelo- nomi	%	7.1	3.4				



PROGRAMME 5: CENTRAL HOSPITAL SERVICES

Aim

The overall aim is to manage, monitor, organise and render level III and IV tertiary services in the Free State province.

Programme Description

The Central Hospital Services programme consists of 1 sub-programme, Central Hospital.

Broad policies, priorities and strategic goals implemented by the Department during 2004/05 in relation to Central Hospitals

Public Private Partnership

The Department of Health and Community Hospital Management (CHM) have signed a co-location agreement. This Public Private Partnership initiative commenced in 2003.

The following measures have been taken to usher in the process smoothly:

- Appointment of Project Manager
- Executive level meeting between the parties concerned
- Joint multi-lateral forums to attend to all operational issues.

Modernisation of Tertiary Services

Universitas Academic Hospital renders an outreach programme to the regional hospitals in the Free State and Northern Cape Province on an ongoing basis.

The main effects of the modernisation of the tertiary services model at Universitas Academic Hospital are as follows:

- Decrease in useable beds for Universitas Academic Hospital due to increasing tertiary services rendered at Kimberley and Bongani Regional Hospital.
- The modernisation of tertiary services projects underlined the huge backlogs currently existing in the maintenance and equipment provision for tertiary hospitals country-wide.
- The implementation of the modernisation of the tertiary services model will probably commence during the 2006/07 financial year and will only affect service delivery a year later.

Planning and Implementation of Organisational Development

The staff establishment which was created in 1999 is in the process of being reviewed.

The modernisation of tertiary services, the outreach programme, the affordability model and posts never filled will be taken into consideration in the review.

Quality Improvement Measures including action plans

A Quality Improvement Unit was established to work towards accreditation. An external review was conducted by COHSASA.

Increased efficiency (e.g. higher bed occupancy, reduced length of stay)

- Bed occupancy rates are steadily increasing but are still below the national norms for tertiary hospitals. The tendency is still to have higher occupancy rates during the week, which drop off substantially over weekends.
- Length of stay is within the national norms and decreasing. This is affected by inefficiencies, when patients need to be transported to level 1 or 2 or are discharged; or when transport is not always available.

- A case management and discharge office is working towards the following:
 - Electronic scheduling of all specialist clinic and specialised services appointments and admissions; and
 - Optimising Emergency and Planned Patient Transport Services.

Challenges

Finance and financial management

Increase in demand and costs of health services at level III and IV balanced against the decline in budget allocation for tertiary service, creates financial challenges.

Human Resources

There are chronic shortages of specialised personnel in clinical departments and in technical services, ICUs and operation rooms.

Support and Information systems

The challenge is the development of management systems and the management of information technology in such a way that it improves patient care, service delivery of the institutions in order for management to make quality and efficient decisions based on the information provided.

Specification of measurable objectives and performance indicators of the Central Hospital Services Programme

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
Central Hospitals	GOAL 4. EFFECTIVE MARKETING AND COMMUNICATION OF HEALTH SERVICES			
	Objective 4.1 Develop and implement a service marketing plan.	Services marketing pilot plan implemented.	Academic Health Services complex and 2 institutions implemented services marketing plans.	The Services Marketing Strategy and the Implementation Plan were approved and Institutional Plans were aligned accordingly.
	GOAL 7. ACCESSIBLE AND QUALITY SERVICES AT ALL LEVELS			
	Objective 7.2 Drug Availability	Availability of essential drugs.		96% availability of essential drugs
	Objective 7.5 Ensure that all hospitals are accredited according to the COHSASA standards.	All hospitals enrolled.	Hospital enrolled.	Hospital evaluated and accredited.

REPORTING ON STANDARD NATIONAL INDICATORS

Performance indicators for central hospital

Indicator	Type	2003/04	2004/05 (Year To Date)	National target 2007/08
Expenditure on hospital staff as % of hospital expenditure	%	60.37	64.5	70
Expenditure on drugs for hospital use as % of hospital expenditure	%	7.78	5.25	13
Process				
Operational hospital board	Y/N	Yes	Yes	Yes
Appointed (not acting) CEO in place	Y/N	Yes	Yes	Yes
Individual hospital data timeliness rate	Months	No data	No data	Yes
Output				
Caesarean section rate	%	63	63.4	25
Quality				
Patient satisfaction survey using DoH template	Y/N	Yes	Yes	Yes
Clinical audit (M and M) meetings at least once a month	Y/N	Yes	Yes	Yes
Efficiency				
Average length of stay	Days	6.4	5.9	5.3
Bed utilisation rate (based on usable beds)	%	61	61.6	75
Expenditure per patient day equivalent	R	17 252	1 801	1 877
Outcome				
Case fatality rate for surgery separations	%	23.21	3.2	3.0



PROGRAMME 6: HEALTH SCIENCES AND TRAINING

Aim

This programme organises and funds the training of health professionals.

Programme 6 has the following sub-programmes:

- Nurse training colleges;
- Bursaries;
- Primary Health Care training;
- Other training; and
- Human resource management.

POLICIES AND PROGRAMMES IMPLEMENTED

HUMAN RESOURCE DEVELOPMENT

Training needs assessment and gap analysis, both in-service and pre-service

- The training needs assessment and gap analysis is done to determine which training is required and included in the master workplace skills plan. These training needs include the Strategic priorities, National Skills Development Plan, individual training needs and competencies required for a job.
- Programme for continuous development of health professionals implemented on iCam.

Relevance, quality and capacity of training programmes, including numbers trained and attrition rates

- Personnel are nominated for courses in line with criteria, which include the relevance of the course to the job of that individual.
- Evaluation tools are developed and distributed to participants to check on the quality of training provided by the service provider.
- After attending courses personnel are evaluated whether they can do the work the training was meant to equip them for.

Training programmes for primary health care nurses

- Training programme for Primary Health Care nurses implemented during 2003 extends to 2004 and 2005.
- Distance education by satellite broadcasting was implemented to enhance access.
- Duration of the programme is one year. Students are funded.

Training programmes for mid-level workers (e.g. in nursing, pharmacy, dentistry, radiography, physiotherapy, occupational therapy)

- Enrolled nurses are trained at 7 nursing schools in the province. 110 additional learnerships have been allocated by the Health and Welfare Seta to augment numbers.
- Basic and post basic pharmacy assistants are trained through learnerships.
- Training to accommodate physiotherapists, occupational therapists and radiographers in the mid level category is being developed in collaboration with local higher education institutions. This initiative will also address career paths for these categories.

Skills development and other training programmes (e.g. in management, integrated management of childhood illnesses, counselling, home based care, ABET, learnerships)

- Integrated Management of Childhood Diseases has been integrated into curricula for the basic and post basic nursing and medical courses (computer based).
- ABET is well on track with 364 learners during 2004.
- 65 Learnerships were implemented during 2004.
- Training for Ancillary Health Care Workers commenced during the reporting period.
- Management and related courses are offered through satellite broadcasts as well as formal contact sessions.
- Other transversal (including Emergency Medical Care) as well as non-transversal training is also offered through the above-mentioned media.

Structured in-service education/continuing professional development programmes

- Structured in-service education is done by the professional training officers in the institutions.
- Continuing professional development programmes are offered via satellite broadcasting and formal contact sessions for all categories of health care workers.
- Curriculum innovation and development (e.g. competency-based and health system-based curricula, problem-based learning, community-based education).



Best achievers of the Pharmacy Assistants with members of Management

- Community-based and student-centred approaches to education and training have been adopted. These have either been implemented or is being developed in the offering of learning programmes.
- Computer-based education initiatives are also being developed. Competency-based assessment has commenced, but numerous challenges still exist.
- The SA Nursing Council has accredited the process of recognition of prior learning. The process has been implemented but still warrants more recruitment of candidates.

Learnerships

- The learnerships of 50 enrolled nurses, 10 basic pharmacist assistants and 5 enrolled nursing assistants, have been approved.
- 65 Learnerships Agreements & Employment Contracts were signed by learners and submitted to Health and Welfare SETA. 65 learners commenced in June 2004 (50 enrolled nurses, 5 enrolled nursing assistants and 10 basic pharmacist assistants).
- 50 candidates were selected for the Ancillary Health Care course in April 2004.
- The learnership learners are progressing well. They were visited in September 2004 for support. A quarterly progress report on general and academic performance was submitted to HWSETA at the end of September 2004.
- The Ancillary Health Care Workers learning programme started through iCAM in September 2004 and learners are progressing well.

CHALLENGES

The Department has prioritised education. Challenges that make this difficult to achieve include:

- Statutory accreditation processes and outcomes, which could be influenced by limited learning and training opportunities.
- Shortage of professionals with appropriate credentials.
- Poorly developed transport systems.
- Security and safety.
- Lack of a national human resources plan.
- Lack of direction for the positioning of nursing education.
- A need for regional co-operation in further and higher Education.

Personnel on which the development component of the Health Professional Training and Development grant will be expended

- All students at the Free State School of Nursing
- Training of Registrars and Specialists:

Total Salaries: R 27 600 797

Inventory and consumables: R 26 003 203

Nursing Training Colleges

Three campuses are being funded: Bloemfontein, Welkom and Qwaqwa

Course	Number of students
4-year Diploma in Nursing	384
Bridging Course for Nurses	145
Diploma in Critical Care	17
Diploma in Operating Room	5
Diploma in Paediatrics	5
Diploma in Midwifery	82
Total	638

Specification of measurable objectives and performance indicators of the Health Sciences and Training Programme

Sub programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
BURSARIES	Objective 5.2 Ensure the availability of health professionals	Allocation of bursaries according to service delivery needs.	Of the 395 full-time bursaries, 71 completed their studies, 52 failed and 272 will continue their studies. Of the 295 part-time bursaries, 73 are newly allocated bursaries for full-time studies.	148 full-time bursaries were allocated in all categories and 214 part-time bursaries were allocated. Bursaries for matriculants recruited are R5.6 million. The bursary database was populated. 100% expenditure was achieved.
HEALTH SCIENCES AND TRAINING		Ensure all occupational classes of staff are trained in line with the Service Delivery Plan.	The training strategy for 2003/2004 was approved per institution and will be linked with the local skills plan.	Training in line with skills plan.
	Objective 5.3 Train and empower stakeholders in line with Service Delivery plans	All NGOs and CBOs working with the Department of Health are part of the skills development process.	Not within previous plan.	All NGOs and CBOs have been incorporated in the skills development process. More than 75 NGOs and CBOs have been trained on management skills through the Ireland AID funding.

Public health personnel in 2004/ 05	Number employed	% of total employed	Number per 1000 people	Number per 1000 uninsured people	Vacancy rate
Medical officers	693	4.62	0.24	0.28	21.1%
Medical specialists	182	1.21	0.06	0.07	17.65%
Dentists	47	0.31	0.016	0.2	32.86%
Dental specialists	8	0.05	0.003	0.003	33.33%
Professional nurses	3 173	21.16	1.11	1.3	34.07%
Staff nurses	414	2.76	0.14	0.17	20.69%
Nursing assistants	2 417	16.12	0.85	0.99	39.21%
Student nurses	383	2.5	0.13	0.15	
Pharmacists	93	0.62	0.03	0.04	76%
Nutritionists and dieticians	44	0.29	0.02	0.02	27.87%
Other allied health professionals and technical staff	1 356	9.04	0.47	0.56	15.88%
Managers, administrators and all other support staff	6571	43.82	2.3	2.7	22.93%
Total	14 998	100	5.25	6.16	28.84%

Source: Free State Department of Health personnel data base

Situational analysis and projected performance for health sciences and training

Indicator	Type	2001/02	2002/03	2003/04	2004/05
Input					
1. Intake of medical students	No		140	150	134
2. Intake of nurse students*	No	642	758	1 086	1 120
3. Students with bursaries from the province	No	139	63	356	189
Process					
4. Attrition rates in first year of nursing school	%	1%	1.2	1	0.7
Output					
5. Basic medical students graduating	No		109	88	**172
6. Basic nurse students graduating	No	179	165	148	
7. Medical registrars graduating	No		36	41	
8. Advanced nurse students graduating	No	201	340	450	
Efficiency					
9. Average training cost per basic nursing graduate	R	R32 649	R33 874	R41 204	

* Basic as well as post basic students

** Students expected to graduate

A proud group of Emergency Core Practitioners received qualification certificates



A proud group of Pharmacy Assistants graduating



Philip Botsane and Zenta Paul, respectively the only African and the only female to pass the course for Critical Care Assistant Paramedic (Operational in the Free State)



Mr ST Belot, MEC of Health, being assisted at the iCam classroom at the Free State Psychiatric Complex during a broadcast

PROGRAMME 7: HEALTH CARE SUPPORT SERVICES

Aim

The aim of the Health Care Support Services Programme is to manage the budget and services of the Laundries as well as Orthotic and Prosthetic Services. The Medicines Trading Account is also managed within this programme.

Programme Description

For the reporting period 2004/05, the Health Care Support Services programme consisted of 3 sub-programmes, Laundries, Orthotic and Prosthetic Services and the Medicines Trading Account.

Laundry Services

Linen is processed at the four Laundries situated at Bloemfontein (two), Kroonstad and Qwaqwa. The users determine service levels and are required to purchase linen. Notwithstanding the critical shortage of linen items, services have been satisfactory over the past 3 years. The implementation of the Trading Account has been suspended.

Orthotic and Prosthetic Service

The service is now provided at three centres in the Province. The third centre in Bethlehem was established in 2001/2002. 3 additional service points were established in rural areas (Xhariep, Thabo Mofutsanyana and Lejweleputswa). The service is controlled at provincial level.

Legislation under which the trading entity was established

The Medical Depot was established as a trading entity in terms of the Exchequer Act (Act 1 of 1994). This Act has now been replaced by the Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999).

The function of the Medical Depot is the procurement, provisioning and distribution of medical supplies (including pharmaceuticals, medical consumables and health forms) for the department. The management of the Medical Depot is located within the Supply Chain Management section of programme 1.

The Medical Depot, like any other institution, is part of the Free State Department of Health and is accountable to the Head of Department.

Policies, priorities and strategic goals implemented

- The problem with the unreliable power supply (electricity and steam) in Qwaqwa has been successfully managed. An emergency power generator and a coal boiler have been installed.
- A pilot study for the introduction of the electronic tracking of linen items was successfully completed during 2004. The vehicle fleet is being replaced. Several new vehicles were purchased during 2003.
- Implementation of a quality assurance programme, which will enhance the service provided by the four laundries.

- A draft policy for Orthotic and Prosthetic Services will ensure adequate service provision, improvement of quality service, availability of appropriate resources and better collaborative engagement with all stakeholders.

Challenges

Laundry Services

- Management of the very serious shortage of linen
- Management of on-site linen rooms on behalf of hospitals
- Entering into a service level agreement with all users
- Collaboration with the Clinical Health Cluster in a linen task team to draft a policy, which will detail and define roles.



Orthotic and Prosthetic Services

- Orthotic and Prosthetic Services have been underspending for a period of three years due to a lack of management capacity.
- There is a shortage of appropriate professional staff.
- Increasing number of professionals are leaving the service.



Much needed orthotic and prosthetic aids provide life-saving options to many patients.

Specification of measurable objectives and performance indicators of the Health Care Support Services Programme

Sub-programme	Sub-programme	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
LAUNDRIES	Objective 7.1 Provide comprehensive health care services to communities at all levels of care	Supply 100% of the requirement of clean linen to all customers.	A linen purchasing drive was launched to raise the stock levels in the province.	50% achieved. An amount of R5 million was budgeted for the roll-out of electronic tracking for 2005.
		Achieve the status of Trading Entity (TE).	Not within the previous plan.	Treasury did not approve Laundry as a trading entity.
		Generate funds that would address total expenditure in given financial year.	Laundry Services currently processes the linen for NET-CARE, which is part of a PPP with the department and also the Protea Hotel in Bloemfontein.	20% achieved. A Senior State Accountant will be appointed with effect from mid-June 2005 in order to assist with the development of this project.
		Achieve optimum level of service agreed with all customers.	Not within the previous plan.	25% achieved. Pelonomi takeover has been completed. Awaiting Clinical Cluster decision on other sites.
		Operate employee owned enterprises for all functions not considered core business of the laundry services.	Not within the previous plan.	5% achieved. A decision on the appointment of an official for the managing of the Extended Public Works programme is being awaited.
		Manage all aspects of linen on- and off-site within the province.	Laundry Services currently "manages" 6 linen rooms in the province and is awaiting the decision from Pelonomi hospital for the full management to be transferred.	70% achieved. The framework of management of linen was approved and is in the process of being implemented. A recommendation from Clinical Clusters Task Team is being awaited. Negotiations with Botshabelo have been completed and their response is being awaited.

PROGRAMME 8: HEALTH FACILITIES MANAGEMENT PROGRAMME

Aim

The aim of programme 8 is to provide funding for construction and maintenance of physical facilities in the Department of Health. This ensures adequate health facilities in the province.

Programme description

Programme 8 has the following sub-programmes:

Community Health facilities, district hospitals, provincial hospitals, central hospitals and other facilities.

CHALLENGES

Facilities

- A major cause for delay in projects is the much-extended tender process as well as the variation orders on projects.
- A Toolkit initiative developed by the National Treasury is being piloted in the Free State. Technical assistance has been contracted to facilitate the process.

Maintenance backlog

- An amount of R10 000 000 was allocated for maintenance. Three consultants will be appointed to do quick assessments of needs and will localise resources.
- A consultant was appointed to develop a maintenance manual according to the Expanded Public Works programme.





LADYBRAND CLINIC

"This Clinic was officially opened by the MEC for Health, Mr S.T. Belot, on the 31st of May 2004 at the time when South Africa celebrates its 10th Year of Democracy"

Name board was sponsored by Ninham Shand Consulting Services.

The district facility network is being managed in accordance with a 5-year Clinic Upgrading and Building Plan.

Implementation of a Building Maintenance Management System (BMMS)

Universitas Hospital has already implemented. Two regional hospitals are to be identified for implementation of the BMMS.



Summary of sources of funding for capital expenditure

	2001/02 (actual)	2002/03 (actual)	2003/04 (actual)	2004/05 (estimate)	2005/06 (MTEF projection)	2006/07 (MTEF projection)	2007/08 (MTEF projection)
Infrastructure grant	3,511	20,876	28,390	24,133	46,818	49,627	99,599
Equitable share	24,611	43,899	20,818	75,781	31,946	25,000	20,000
Revitalisation grant	28,083	29,000	50,356	47,436	113,082	128,853	104,360
Flood relief	3,765	19,288	5,145				
Total capital	59,970	113,063	104,709	147,350	191,846	203,480	223,959

Source: *Financial Information System*

Historic and planned major project completions by type

	2001/02 (actual)	2002/03 (actual)	2003/04 (actual)	2004/05 (estimate)	2005/06 (MTEF projection)	2006/07 (MTEF projection)	2007/08 (MTEF projection)
New hospitals	0	4 200	3 360	77	0		
New clinics/CHCs	18 062	16 683	11 325	16 000	10 000	10 000	
Upgraded hospitals	9 164	46 356	75 288	81 389	101 283	112 686	
Upgraded clinics/CHCs	8 132	4 293	10 309	4 000	10 000	10 000	

Source: *Facilities Planning Section*

Performance indicators for health facilities management

Indicator	Type	Province wide value 2001/02	Province wide value 2002/03	Province wide value 2003/04	National target 2003/4
Input					
Equitable share capital programme as % of total health expenditure	%	97.97	96.96	95.83	1.5
Hospitals funded on revitalisation programme	%	4	4	4	17
Process					
Hospitals with up-to-date asset register	%	65%	65%	65%	100
Health districts with up-to-date PHC asset register (excl hospitals)	No			20%	All
Quality					
Fixed PHC facilities with access to piped water	%			100	100
Fixed PHC facilities with access to mains electricity	%			100	100
Fixed PHC facilities with access to fixed line telephone	%			98	100
Efficiency					
Projects completed on time	%			0	
Project budget over run	%			100	
Outcome					
Level 1 beds per 1 000 uninsured population	No			0.8	100
Level 2 beds per 1 000 uninsured population	No			0.7	65
Specialised Psychiatric beds per 1000 uninsured population				0.3	
Level 3 beds per 1 000 uninsured population				0.2	

Performance indicators for health facilities management

Sub-programme	Objectives (Outputs)	Indicator	Targets and Actual Performance	
			2003/2004	2004/2005
PROVIN- CIAL HOSPITALS	GOAL6. APPROPRIATE INFRASTRUCTURE			
	Objective 6.1. Implement the revitalisa- tion of health facilities according to an approved 5-year plan	Revitalisa- tion of health facilities, imple- mented according to priori- ties.	4 hospitals were upgraded.	BOITUMELO HOSPITAL Contract 1. 76% progress Total expenditure: R11.89 million (Construction phase) Contract 2 51% progress Total expenditure: R12.67 million (Construction phase) Contract 3. 6% progress Total expenditure: R3.5 million (Construction phase) Contract 4. Tender date is awaited. Contract 5. 59% progress Total expenditure: R9.86 million (Construction phase) Contract 6. 88% progress Total expenditure: R8.25 million (Construction phase) Contract 7. 99% (Planning phase) Professional fees: R545 675 Contract 8. 100% (Planning phase) Professional fees: R39 689 Total expenditure: R151 055
				PELONOMI HOSPITAL Block B. 99% progress. Busy with practi- cal completion. R716 306 spent this quar- ter. Total expenditure: R17 873 594.
OTHER FACILITIES	Objective 6.2 Implement Clinic Upgrading and Building Plans	Number of new clin- ics built and exist- ing clinics upgraded.	12 new clinics were built and 15 clinics were upgraded.	6 of the 8 backlogs of clinics for 2003/2004 were finalised. The opening of these clinics, namely Botshabelo Potlako Mothloi, Bophelong, Molefi Tau clinics is awaited. Progress on existing clinics: Bethulie 55% and Wepener 55%. Winburg and Odendaalsrus and Leirim clinics are progressing slowly.



Bethulie Clinic in various stages of construction



PART C: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT)

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Expenditure

Departments budget in terms of clearly defined programmes. The following tables summarise expenditure by programme and by salary bands. In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.

Personnel costs by programme, 2004/ 05

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure
Human and Organisational development	0	0	0	0	0
Prog 1: Administration	159,232	80 712	0	0	50.70
Prog 2: District health service	1,034,995	600 002	0	0	57.97
Prog 3: Emergency Medical service	123,648	63 768	0	0	51.57
Prog 4: Provincial hospital service	797,822	568 847	0	0	71.30
Prog 5: Central hospital service	462,621	278 631	0	0	60.23
Prog 6: Health science and training	90,949	60 833	0	0	66.89
Prog 7: Health care support services	46,584	27 781	0	0	59.64
Prog 8: Health facilities management	94,190	0	0	0	0
Prog 7: Internal charges (part of programme 7)	-21,605	0	0	0	0
Theft and losses	6,475	0	0	0	0
Total	2,794 911	1 680 574	0	0	60.13

Personnel costs by salary bands, 2004/05

Salary Bands	Compensation of employees (R'000)	Percentage of total personnel cost	Average personnel cost per employee (R)
Lower skilled (Levels 1-2)	191,893	11.3	51,529
Skilled (Levels 3-5)	368,749	21.8	77,844
Highly skilled production (Levels 6-8)	779,389	46	129,059
Highly skilled supervision (Levels 9-12)	288,023	17	270,444
Senior management (Levels 13-16)	66,913	3.9	608,300
Total	1 680 574	100	108,132

The following tables provide a summary per programme and salary bands, of expenditure incurred as a result of salaries, overtime, home owners' allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

Salaries, Overtime, Home Owners' Allowance and Medical Assistance by programme, 2004/05 by salary band

Programme	Salaries		Overtime		Home Owners' Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Prog 1: Administration	56,380	69.9	1,817	2.3	822	1	3,443	4.3
Prog 2: District health service	411,925	68.7	20,921	3.5	4,858	0.8	25,387	4.2
Prog 3: Emergency Medical service	40,477	63.5	4,616	7.2	377	0.6	3,924	6.2
Prog 4: Provincial hospital service	389,546	68.5	29,183	5.1	6,129	1.1	25,587	4.5
Prog 5: Central hospital service	176,086	63.2	22,922	8.2	2,669	1	12,220	4.4
Prog 6: Health science and training	46,200	76.0	4,633	7.6	475	0.8	2,456	4
Prog 7: Health care support service s	19,952	71.8	453	1.6	453	1.6	1,508	5.4
Total	1,140,566	67.8	84,545	5	15,783	0.9	74,525	4.4

Salaries, Overtime, Home Owners' Allowance and Medical Assistance by salary band, 2003/04 by salary band

Programme	Salaries		Overtime		Home Owners' Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	139,668	72.8	1,258	0.7	1,856	1	8,197	4.3
Skilled (Levels 3-5)	261,571	70.9	9,034	2.4	4,168	1.1	21,572	5.9
Highly skilled production (Levels 6-8)	543,954	69.8	18,731	2.4	8,229	1.1	35,831	4.6
Highly skilled supervision (Levels 9-12)	164,312	57	47,881	16.6	1,541	0.5	6,810	2.4
Senior management (Levels 13-16)	30,973	46.3	8,432	12.6	-5	0	1,675	2.5
Total	1,140,478	67.3	85,336	5	15 789	0.9	74,085	4.4

Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: programme, salary band and critical occupations. Departments have identified critical occupations that need to be monitored. Establishment and vacancy information for the key critical occupations of the department is also provided. The vacancy rate reflects the percentage of posts that are not filled.

Employment and vacancies by programme, 31 March 2005

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Central Hospital Services v5, permanent	0	0	0	0
District Hospital Services v5, permanent	0	0	0	0
Health Care Support services p7, permanent	0	0	0	0
Health Sciences, permanent	0	0	0	0
Health Sciences p6, permanent	0	0	0	0
Health sciences p6, temporary	0	0	0	0
Prog 1: Administration , permanent	1 095	719	34.3	0
Prog 1: Administration , temporary	0	0	0	0
Prog 2: District health services, permanent	10 706	5 833	45.5	0
Prog 2: District Health Services, temporary	34	98	-188.2	0
Prog 3: Emergency Medical Services , permanent	1 198	752	37.2	0
Prog 4: Provincial Hospital Services, permanent	6 683	4 854	27.4	0
Prog 4: Provincial Hospital Services , temporary	12	45	-275	0
Prog 5: Central Hospital Service s, permanent	2 833	2 084	26.4	0
Prog 5: Central Hospital service, temporary	32	32	0	0
Prog 6: Health Sciences and Training, permanent	1 300	435	66.5	0
Prog 7: Health Care Support Services, permanent	595	431	27.6	0
Prog: Internal charges, permanent	0	0	0	0
Prog: Internal charges, temporary	0	0	0	0
Provincial Hospital Services, permanent	0	0	0	0
Provincial Hospital Services , temporary	0	0	0	0
V5 Health Administration, permanent	0	0	0	0
Total	24 488	15 283	37.6	0

Employment and vacancies by salary bands, 31 March 2005

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2), permanent	10 340	6 349	38.6	0
Lower skilled (Levels 1-2), temporary	0	0	0	0
Skilled (Levels 3-5), permanent	4 816	2 781	42.3	0
Skilled (Levels 3-5), temporary	0	0	0	0
Highly skilled production (Levels 6-8), permanent	7 653	4 871	36.4	0
Highly skilled production (Levels 6-8), temporary	14	14	0	0
Highly skilled supervision (Levels 9-12), permanent	1 494	1 010	32.4	0
Highly skilled supervision (Levels 9-12), temporary	63	160	-154	0
Senior management (Levels 13-16), permanent	107	97	9.3	0
Senior management (Levels 13-16), temporary	0	0	0	0
Total	24 487	15 282	37.6	0

Employment and vacancies by critical occupation, 31 March 2005

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Administrative related, permanent	109	86	21.1	0
All artisans in the building, metal machinery, etc , permanent	175	120	31.4	0
Ambulance and related workers, permanent	1 172	739	36.9	0
Architects, town and traffic planners, permanent	1	0	100	0
Artisan, project and related superintendents, permanent	19	9	52.6	0
Auxiliary and related workers, permanent	1 193	409	65.7	0
Building and other property caretakers, permanent	81	66	18.5	0
Bus and heavy vehicle drivers, permanent	16	16	0	0
Chemical and physical science technicians, permanent	23	17	26.1	0
Chiroprodists and other related workers, permanent	1	0	100	0
Cleaners in offices, workshops and hospitals, etc. permanent	1 334	1 096	17.8	0
Client inform. clerks (switch . Recept. Inform. clerks), permanent	88	76	13.6	0
Communication and information related, permanent	2	2	0	0
Community development workers	25	14	44	0
Computer system designers and analysts, permanent	17	10	41.2	0
Dental practitioners, permanent	81	46	43.2	0
Dental practitioners, temporary	1	4	-300	0
Dental technicians, permanent	5	0	100	0
Dental therapy, permanent	19	6	68.4	0
Dieticians and nutritionists, permanent	75	39	48	0
Emergency services related, permanent	4	2	50	0
Engineers and related professionals, permanent	1	0	100	0
Environmental health, permanent	142	44	69	0
Finance and economics related, permanent	45	36	20	0
Financial and related professionals, p ermanent	78	48	38.5	0
Financial clerks and credit controllers, permanent	130	74	43.1	0
Food services aids and waiters, permanent	185	136	26.5	0
Food services workers, permanent	8	2	75	0
General legal administration and related professionals, permanent	3	3	0	0
Health sciences related, permanent	329	223	32.2	1
Health sciences related, temporary	4	4	0	0

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Household and laundry workers, permanent	1379	1 145	17	0
Household food and laundry services related, permanent	4	3	25	0
Housekeepers, laundry and related workers, permanent	16	11	31.3	0
Human resources & organisation development and related prof., permanent	53	30	43.3	0
Human resources, clerks, permanent	151	131	13.2	0
Human resources related, permanent	15	12	20	0
Information technology related, permanent	1	1	0	0
Inspectors of apprentices, works and vehicles, permanent	9	3	66.7	0
Language practitioners interpreters and other communication pers., permanent	19	11	42.1	0
Leather workers, permanent	3	3	0	0
Library, mail and related clerks, permanent	84	61	27.4	0
Light vehicle drivers, permanent	129	106	17.8	0
Logistical support personnel, permanent	51	31	39.2	0
Material-recording and transport clerks, permanent	246	178	27.6	0
Medical practitioners, permanent	758	547	27.8	0
Medical practitioners, temporary	36	115	-219.4	0
Medical research and related professionals, permanent	12	8	33.3	0
Medical specialists, permanent	258	170	34.1	0
Medical specialists, temporary	8	23	-187.5	0
Medical technicians/technologists	82	43	47.6	0
Messengers, porters and deliverers, permanent	298	245	17.8	0
Natural sciences related, permanent	3	2	33.3	0
Nursing assistants, permanent	5 304	2 438	54	0
Occupational therapy, permanent	103	58	43.7	0
Optometrists and opticians, permanent	7	3	57.1	0
Oral hygiene, permanent	22	7	68.2	0
Other administration and related clerks and organisers, permanent	1 457	1043	28.4	0
Other administrative policy and related officers, permanent	181	127	29.8	0
Other information technology personnel, permanent	87	57	34.5	0
Other occupations, permanent	1	1	0	0
Pharmacists, permanent	148	80	45.9	0
Pharmacologists, pathologists & related professional, permanent	4	3	25	0

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Photographic, lithographic and related works, permanent	1	1	0	0
Physicists, permanent	19	9	52.6	0
Physicists, temporary	1	1	0	0
Physiotherapy, permanent	93	62	33.3	0
Physiotherapy, temporary	1	1	0	0
Professional nurse, permanent	5 210	3 302	36.6	0
Professional nurse, temporary	24	24	0	0
Psychologists and vocational counsellors, permanent	34	19	44.1	0
Quantity surveyors and related prof . not classed elsewhere, permanent	1	1	0	0
Radiography, permanent	222	153	31.1	0
Radiography, temporary	3	3	0	0
Regulatory inspectors, permanent	5	2	60	0
Risk management and security services, permanent	3	3	0	0
Road workers, permanent	1	1	0	0
Secretaries and other keyboard operating clerks, permanent	170	129	24.1	0
Security guards, permanent	447	373	16.6	0
Security officers, permanent	321	98	69.5	0
Senior managers, permanent	26	25	3.8	0
Shoemakers, permanent	8	4	50	0
Social sciences related, permanent	10	8	20	0
Social work and related professional, permanent	46	28	39.1	0
Speech therapy and audiology, permanent	41	17	58.5	0
Staff nurses and pupil nurses, permanent	619	432	30.2	0
Statisticians and related professionals, permanent	13	7	46.2	0
Supplementary diagnostic radiographers, permanent	51	23	54.9	0
Trade labourers, permanent	823	534	35.1	0
Total	24 488	15 283	37.6	1

The information in each case reflects the situation as at 31 March 2004. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

Job evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in their organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Job Evaluation, 1 April 2004 to 31 March 2005

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
1-2	6 349	0	0	0	0	0	0
3-5	2 781	41	1.47	33	11.7	8	2.83
6-8	4 871	177	3.63	153	54.26	24	8.51
9-12	1 010	63	6.24	57	20.21	6	2.13
13	97	1	1.03	0	0	0	0
14		0	0	0	0	0	0
15		0	0	0	0	0	0
16		0	0	0	0	0	0
	15 108	282	1.87	243	86.17	38	13.48

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2004 to 31 March 2005

Beneficiaries	African	Asian	Coloured	White	Total
Female	34	1	7	68	110
Male	28	2	3	64	97
Total	62	3	10	132	207
Employees with a disability	0	0	0	0	0

Employees with a disability

	African	Asian	Coloured	White	Total
Female	15	0	0	16	31
Male	20	0	0	10	30
Total	35	0	0	26	61

The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Employees whose salary level exceed the grade determined by job evaluation, 1 April 2004 to 31 March 2005 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Manager ARV	A	B	C	D
Total Number of Employees whose salaries exceeded the level determined by job evaluation in	1	10	12	Could not recruit appropriate candidate
Percentage of total employment		2004/ 05		1
				0.006

The next table summarises the beneficiaries of the above in terms of race, gender, and disability.

Profile of employees whose salary level exceeded the grade determined by job evaluation, 1 April 2004 to 31 March 2005 (in terms of PSR 1.V.C.3)

Beneficiaries	African	Asian	Coloured	White	Total
Female					
Male					
Total			None		

Employees with a disability

There were no employees whose salary level exceeded the grade determined by job evaluation from 1 April 2004 to 31 March 2005 (in terms of PSR 1.V.C.3).

Employment Changes

This section provides information on changes in employment over the financial year.

Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and by critical occupations.

Annual turnover rates by salary band for the period 1 April 2003 to 31 March 2004

Salary Band	Number of employees per band as on 1 April 2004	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2), permanent	10 340	6 349	230	2.2
Lower skilled (Levels 1-2), temporary	0	0	0	0
Skilled (Levels 3-5), permanent	4 816	2 781	212	4.4
Skilled (Levels 3-5), temporary	0	0	0	0
Highly skilled production (Levels 6-8), permanent	7 653	4 871	521	6.8
Highly skilled production (Levels 6-8), temporary	14	14	0	0
Highly skilled supervision (Levels 9-12), permanent	1 494	1 010	147	9.8
Highly skilled supervision (Levels 9-12), temporary	63	160	0	0
Senior Management Service Band A	107	97	10	9.3
Senior Management Service Band B			2	1.8
Senior Management Service Band C			0	0
Senior Management Service Band D			1	0.93
Total	24 487	15 282	1 123	4.6

Annual turnover rates by critical occupation for the period 1 April 2004 to 31 March 2005

Occupation:	Number of employees per occupation as on 1 April 2004	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2), permanent	10 340	6 349	230	2.2
Lower skilled (Levels 1-2), temporary	0	0	0	0
Skilled (Levels 3-5), permanent	4816	2781	212	4.4
Skilled (Levels 3-5), temporary	0	0	0	0
Highly skilled production (Levels 6-8), permanent	7 653	4 871	521	6.8
Highly skilled production (Levels 6-8), temporary	14	14	0	0
Highly skilled supervision (Levels 9-12), permanent	1 494	1 010	147	9.8
Highly skilled supervision (Levels 9-12), temporary	63	160	0	0
Senior Management Service Band A	107	97	10	9.3
Senior Management Service Band B			2	1.8
Senior Management Service Band C			0	0
Senior Management Service Band D			1	0.93
Total	24 487	15 282	1 123	4.6

The following table identifies the major reasons why staff left the department.

Reasons why staff are leaving the department

Termination Type	Number	% of total
Death	131	11.66
Resignation	706	62.86
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	16	1.43
Dismissal – inefficiency	0	0
Discharged due to ill-health	10	0.9
Retirement	260	23.15
Transfers to other Public Service Departments	0	0
Other	0	0
Total	1 123	100
Total number of employees who left as a % of the total employment	1 123	7.16

Promotions by critical occupation

Occupation:	Employees as at 1 April 2005	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
	A	B	C	D	E
State accountant	29	11	37.93	0	0
Medical physicist	19	0	0	0	0
Pharmacist	168	9	5.36	0	0
Specialist	151	22	14.57	0	0
Health therapist	315	0	0	0	0
Total	682	42	6.16	0	0

Promotions by salary band

Salary Band	Employees 1 April 2005	Promotions to another salary level	Salary band promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	2 585	13	0.5	0	0
Skilled (Levels 3-5)	6 644	150	2.26	0	0
Highly skilled production (Levels 6-8)	4 929	387	7.85	0	0
Highly skilled supervision (Levels 9-12)	1 957	110	5.62	0	0
Senior management (Levels 13-16)	166	1	0.6	0	0
Total	16 281	661	4.06	0	0

Employment Equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2005

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	9	0	1	4	5	1	0	2	22
Professionals	1012	61	29	593	3 234	211	18	1 239	6142
Technicians and associate professionals	0	0	0	0	0	0	0	0	176
Clerks	437	47	2	71	595	131	4	447	1 734
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	33	8	1	92	1	0	0	0	135
Plant and machine operators and assemblers	107	7	0	6	2	0	0	1	123
Elementary occupations	580	39	0	58	2 354	65	0	157	3 232
Permanent	8	0	0	0	15	0	0	0	24
Service and Salesworkers	1186	40	3	116	2279	221	0	225	4087
Total	3372	202	36	940	8 406	620	22	2 077	15 675

Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2005

Occupational Bands	1. Male				2. Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	17	0	0	0	0	18
Senior Management	14	1	3	53	7	1	0	11	90
Professionally qualified and experienced specialists and mid-management	267	21	15	302	675	0	0	25	1 959
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	802	61	7	251	2 595	254	8	871	4 809
Semi-skilled and discretionary decisionmaking	1 597	105	5	240	3 603	267	3	439	6 259
Unskilled and defined decision making	607	11	0	29	1 381	28	0	25	2 081
Not Available Permanent	4	0	0	0	12	0	0	0	16
All Categories (Contract)	80	3	6	89	133	6	8	118	404
Total	3 372	202	36	940	8 406	620	22	2 077	15 675

Recruitment for the period 1 April 2004 to 31 March 2005

Occupational Bands	1. Male				2. Female			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Top Management	0	0	0	0	0	0	0	0
Senior Management	1	0	0	4	0	0	0	5
Professionally qualified and experienced specialists and mid-management	64	1	9	57	30	2	5	52
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	150	7	4	51	378	12	5	283
Semi-skilled and discretionary decision-making	168	5	4	10	275	8	0	20
Unskilled and defined decision making	92	7	0	1	330	13	0	4
Total	475	20	17	123	1 013	35	10	359
								2 052

Summary of total staff establishment vs scarce skills and rural allowances (31 March 2005) Added additional to the oversight report

Job title	Filled posts	Vacant posts	Total posts	Scarce skills paid	Rural allocations paid	Nodes
Dentist	59	50	119	63	7	9
Dietician	36	13	49	45	1	4
Clinical psychologist	16	12	28	9	0	2
Pharmacist	103	51	154	82	3	7
Physiotherapist	58	35	93	67	3	10
Intern (medical)	94	39	133	2	0	6
Medical Officer	451	210	661	494	26	67
Professional nurse	3 143	1 338	4 481	207	145	454
Occupational therapist	53	44	97	51	2	9
Radiographer	155	56	211	174	5	18
Specialist	131	88	219	122	0	2
Speech therapist and audiologist	19	23	42	24	0	5
Dental technician	5	14	0	3	0	0
Total	4 323	1973	6 287	1 343	192	593

Promotions for the period 1 April 2004 to 31 March 2005

Occupational Bands	1. Male				2. Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	1	0	0	2	0	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen and super-intendents	23	5	0	10	37	7	0	16	98
Semi-skilled and discretionary decision making	29	9	5	20	43	18	3	23	150
Unskilled and defined decision making	18	2	1	2	20	0	1	6	50
Total	72	16	6	34	100	25	4	45	302

Terminations for the period 1 April 2004 to 31 March 2005

Occupational Bands	1. Male			2. Female				Total	
	African	Coloured	Indian	White	African	Coloured	Indian		White
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	0	0	0	10	0	0	0	2	12
Professionally qualified and experienced specialists and mid-management	30	2	3	44	7	1	1	38	126
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	68	3	3	90	174	26	7	167	538
Semi-skilled and discretionary decision making	40	3	1	43	95	5	0	19	206
Unskilled and defined decision making	68	1	1	8	153	4	0	5	240
Total	207	9	8	195	429	36	8	231	1 123

Disciplinary action for the period 1 April 2003 to 31 March 2004

Disciplinary action	1. Male				2. Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	

Skills development for the period 1 April 2004 to 31 March 2005

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	2	4	0	1	1	13	21
Professionals	3	0	0	9	2	0	1	18	33
Technicians and associate professionals	2	0	2	5	1	0	4	18	32
Clerks	1	1	50	29	0	3	13	158	255
Service and sales workers	5	0	4	6	0	0	6	30	51
Skilled agriculture and fishery workers	0	0	11	19	3	0	2	71	106
Craft and related trades workers	0	0	0	1	0	0	0	7	8
Plant and machine operators and assemblers	2	0	0	0	0	0	0	6	8
Elementary occupations	0	0	15	11	0	0	2	77	105
Total	13	1	84	84	6	4	29	398	619

To encourage good performance, the department granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability, salary bands and critical occupations.

Performance Rewards by race, gender, and disability, 1 April 2004 to 31 March 2005

	Number of beneficiaries	Beneficiary Profile		Cost	
		Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	3 201	3 303	96.91	Not available	Not available
Female	7 571	8 357	90.59	Not available	Not available
Asian					
Male	22	28	78.57	Not available	Not available
Female	14	22	63.64	Not available	Not available
Coloured					
Male	190	195	197.44	Not available	Not available
Female	605	613	98.69	Not available	Not available
White					
Male	788	835	94.37	Not available	Not available
Female	2 040	2 042	99.9	Not available	Not available
Employees with a disability					
Total	14 431	15 395	93.73	37,126,719.84	2,572,70

Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2004 to 31 March 2005

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	Not available	Not available	Not available	Not available	Not available	Not available
Skilled (Levels 3-5)	Not available	Not available	Not available	Not available	Not available	Not available
Highly skilled production (Levels 6-8)	Not available	Not available	Not available	Not available	Not available	Not available
Highly skilled supervision (Levels 9-12)	Not available	Not available	Not available	Not available	Not available	Not available
Total	14 431	15 395	93.74	37 126	2 572.70	Not available

Performance related rewards (cash bonus), by salary band, for Senior Management Service

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A	28	64	43.75	426,767.28	15,241.69	Not available
Band B	13	34	38.23	240,211.95	18,477.84	Not available
Band C	1	3	33.33	18,331.92	18,331.92	Not available
Band D	0	1	0	0	0	Not available
Total	42	102	41.18	685,311.15	16,316.93	Not available

Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

Foreign Workers, 1 April 2004 to 31 March 2005, by salary band

Salary Band	1 April 2004		31 March 2005		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	4	6.67	4	5.97	0	0
Highly skilled supervision (Levels 9-12)	55	91.66	62	92.54	7	100
Senior management (Levels 13-16)	1	1.67	1	1.49	0	0
Total	60	100	67	100	7	100

Foreign Workers, 1 April 2004 to 31 March 2005, by major occupation

Major Occupation	1 April 2004		31 March 2005		Change	
	Number	% of total	Number	% of total	Number	% change
Chief clinical pharmacist	1	1.67	1	1.49	0	0
Specialist	4	6.67	5	7.46	1	14.29
Dentist	2	3.33	2	2.98	0	0
Principal medical officer	37	61.67	38	56.72	1	14.29
Senior medical officer	2	3.33	2	2.99	0	0
Registrar	2	3.33	2	2.99	0	0
Medical officer	8	13.33	13	19.40	5	71.42
Medical intern	3	5	3	4.48	0	0
Chief professional nurse	1	1.67	1	1.49	0	0
Total	60	100	67	100	7	100

Leave utilisation for the period 1 January 2004 to 31 December 2005

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Sick leave, 1 January 2004 to 31 December 2005

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	19 345	95.5	2 232	24.4	9	2,737
Skilled (Levels 3-5)	27 384	93.6	3 453	37.7	8	5,859
Highly skilled production (Levels 6-8)	25 127	92	3 196	34.9	8	9,564
Highly skilled supervision (Levels 9-12)	1 802.50	87.7	266	2.9	7	1,243
Senior management (Levels 13-16)	97	91.8	15	0.2	6	166
Total	73 755.50	92.1	9 162	100	8	19,569

Disability leave (temporary and permanent), 1 January 2004 to 31 December 2005

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	3 165	100	60	30.5	53	441
Skilled (Levels 3-5)	2 420	99.8	62	31.5	39	502
Highly skilled production (Levels 6-8)	2 910	100	70	35.5	42	1,070
Highly skilled supervision (Levels 9-12)	58	100	4	2	15	39
Senior management (Levels 13-16)	6	100	1	0.5	6	10
Total	8 559	99.9	197	100	43	2,062

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000, requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Annual Leave, 1 January 2004 to 31 December 2005

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	77 403.13	21
Skilled Levels 3-5)	112 613.68	21
Highly skilled production (Levels 6-8)	128 068.19	24
Highly skilled supervision (Levels 9-12)	13 914.96	16
Senior management (Levels 13-16)	1871	18
Total	333 870.96	20

Capped leave, 1 January 2004 to 31 December 2005

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2005
Lower skilled (Levels 1-2)	991	5	27
Skilled Levels 3-5)	1 648	5	29
Highly skilled production (Levels 6-8)	3 430	6	42
Highly skilled supervision(Levels 9-12)	218	5	40
Senior management (Levels 13-16)	41	8	56
Total	6 328	6	38.80

The following table summarises payments made to employees as a result of leave that was not taken.

Leave payouts for the period 1 April 2004 to 31 March 2005

Reason	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 2004/05 due to non-utilisation of leave for the previous cycle	44,747.74	9	4,971.97
Capped leave payouts on termination of service for 2004/05	3,958,372.43	225	17,592.76
Current leave payout on termination of service for 2004/05	974,317.92	498	1,956.46
Total	4,977,438.09	732	24,521.19

HIV/AIDS and Health Promotion Programmes

Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Theatres	Risk assessment, Infection control programme, Norms and standards on occupational and environmental health
Patient care (including wards)	Risk assessment, Infection control programme, Norms and standards on occupational and environmental health
Casualties	Risk assessment, Infection control programme, Norms and standards on occupational and environmental health
Mortuary	Risk assessment, Infection control programme, Norms and standards on occupational and environmental health
Laundry	Risk assessment, Infection control programme, Norms and standards on occupational and environmental health

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000, requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	✓		Ms Portia Tlali. Senior Manager: HIV and AIDS and Communicable Diseases
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	✓		There is one Occupational Health Unit per hospital and one Occupational Health co-ordinator per district. An annual budget is available.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	✓		An Assistant Manager was appointed. Key elements are: Rehabilitation, Counselling, Identification, Referral system, Employee development, Awareness and Treatment
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	✓		
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	✓		Provincial AIDS Council is chaired by the Premier and representative from the religious sector, NGOs, tertiary institutions, people living with HIV and AIDS, as well as government.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	✓		HIV and AIDS workplace policy to protect officials from unfair discrimination has been developed. The key elements of these measures are as follows: awareness and wellness programme, employment equity, fair labour practices and voluntary disclosure and counselling.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	✓		Voluntary confidential counselling and testing is confidential, therefore statistics are difficult to link to and reveal the results that were achieved. However, health facilities are rendering VCCT tests in the province. VCCT tests were administered in the province.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.			

Labour Relations

No collective agreements were entered into with trade unions within the department.

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Misconduct and disciplinary hearings finalised, April 2004 to 31 March 2005

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	3	4
Verbal warning	2	2.5
Written warning	3	4
Final written warning	21	29
Suspended without pay	18	25
Fine	0	0
Demotion	0	0
Dismissal	24	33
Not guilty	2	2.5
Case withdrawn	0	0

Grievances lodged for the period 1 April 2004 to 31 March 2005

	Number	% of Total
Number of grievances resolved	32	65.3
Number of grievances not resolved	17	34.7
Total number of grievances lodged	49	100

Disputes lodged with Councils for the period 1 April 2004 to 31 March 2005

	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
Total number of disputes lodged	17	100

Strike actions for the period 1 April 2004 to 31 March 2005

Total number of person working days lost		Not available
Total cost (R'000) of working days lost		R715 000
Amount (R'000) recovered as a result of no work no pay		R109 122.40

Precautionary suspensions for the period 1 April 2004 to 31 March 2005

Number of people suspended		Not available
Number of people whose suspension exceeded 30 days		Not available
Average number of days suspended		Not available
Cost (R'000) of suspensions		Not available

Skills development

This section highlights the efforts of the department with regard to skills development.

Training needs identified 1 April 2004 to 31 March 2005

Occupational Categories	Gender	Number of employees as at 1 April 2004	Training needs identified at start of reporting period			Total
			Learnerships	Skills Programmes & other short courses	Other forms of training	
Legislators, senior officials and managers	Female	328		8 courses	0	562
	Male	234			0	
Professionals	Female	1 397		36 courses	0	1 887
	Male	490			0	
Technicians and associate professionals	Female	26		11 courses	0	128
	Male	102			0	
Clerks	Female	2 440		10 clerks	0	3 289
	Male	849			0	
Service and sales workers	Female	0		0	0	
	Male	0			0	
Skilled agriculture and fishery workers	Female	0	Statistics not available	0	0	
	Male	0			0	
Craft and related trades workers	Female	0		0	0	
	Male	0			0	
Plant and machine operators and assemblers	Female	0		3 courses	0	63
	Male	0			0	
Elementary occupations	Female	520		15 courses	0	724
	Male	204			0	
Sub Total	Female	4 711		0	0	
	Male	1 879			0	
Total		6 590		83 courses	0	6 653

Training provided 1 April 2004 to 31 March 2005

Occupational Categories	Gender	Number of employees as at 1 April 2004	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	Statistics not available	576	0	576
	Male	98	Statistics not available	86	0	86
Professionals	Female	3 308	Statistics not available	3 584	0	3 584
	Male	862	Statistics not available	545	0	545
Technicians and associate professionals	Female	2 643	Statistics not available	178	0	178
	Male	434	Statistics not available	37	0	37
Clerks	Female	1 251	Statistics not available	2 234	0	2 234
	Male	587	Statistics not available	625	0	625
Service and sales workers	Female	314	Statistics not available	22	0	22
	Male	488	Statistics not available	18	0	18
Skilled agriculture and fishery workers	Female	0	Statistics not available	0	0	0
	Male	0	Statistics not available	0	0	0
Craft and related trades workers	Female	0	Statistics not available	0	0	0
	Male	0	Statistics not available	0	0	0
Plant and machine operators and assemblers	Female	332	Statistics not available	7	0	7
	Male	447	Statistics not available	49	0	49
Elementary occupations	Female	2 312	Statistics not available	296	0	296
	Male	447	Statistics not available	1 341	0	1 341
Subtotal	Female	10 160	Statistics not available	6 897	0	0
	Male	3 363	Statistics not available	2 701	0	0
Total		13 523	Statistics not available	9 598	0	9 598

Injury on duty, 1 April 2004 to 31 March 2005

Nature of injury on duty	Number	% of total
Required basic medical attention only	299	85.42
Temporary Total Disablement	Not available	Not available
Permanent Disablement	Not available	Not available
Fatal	0	0
Total	299	85.42

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Annual Report 2004 / 2005 - Free State Department of Health

FREE STATE DEPARTMENT OF HEALTH VOTE 5

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

FREE STATE DEPARTMENT OF HEALTH
VOTE 5
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

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REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the Financial year ended 31 March 2005.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consist of the members listed hereunder and normally meets 2 times per annum as per its approved terms of reference.

During the current year 2 meetings were held.

NAME OF MEMBER	Number of meetings attended
KHS Pretorius	2
Dr JJ Mahlangu	2
Mr MS Ramathe	1
Mr J Spies	2

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from section 38 (1) (a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all it's responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control is not effective as compliance with prescribed policies and procedures is lacking. During the year under review new systems have been implemented by the Provincial Treasury and the operational functioning of this put an additional burden on effective internal control. Instances of non-compliance were reported by internal and external auditors that resulted from a breakdown in the functioning of controls. Significant control weaknesses have been reported by the Auditor General under emphasis of matter and in the management letter.

THE QUALITY OF IN YEAR MANAGEMENT AND MONTHLY/ QUARTERLY REPORTS SUBMITTED IN TERMS OF THE ACT AND THE DIVISION OF REVENUE ACT

The Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- discussed with the Auditor General and the Accounting Officer the audited Annual Financial Statements to be included in the annual report; and
- reviewed the Auditor- General's management letters and management responses.



KHS PRETORIUS

CHAIRPERSON OF THE AUDIT COMMITTEE

27 JULY 2005

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2005

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND FREE STATE LEGISLATURE OF THE REPUBLIC OF SOUTH AFRICA

1. General review of the state of financial affairs

Having experienced under expenditure to the amount of R 51 million in the previous year, the Department closed the financial year with an over expenditure of R 37,6 million or 1,4% of the total adjusted funding for the financial year.

This was mainly due to over expenditure on goods and services and specifically medicines and medical consumables.

The Department implemented various stringency measures at the end of the third quarter to stay within budget. Pressure on services linked to increased activity levels, contributed to the over expenditure.

The over expenditure should be paid back to Treasury from the budget of the 2005/06 financial year. All clusters were requested to do an analysis of where and/ or how they can generate a saving in order to fund the over expenditure. Overall a saving of 2% per cluster must be achieved.

Finance Act no. 4 of 2004, stipulates that the unauthorised expenditure of R86,3 million with regard to 2001/02 must be funded from the departments own budget. During the 2003/04 financial year only R30,158 million was available to fund this unauthorised expenditure. The balance of R56,156 million still needs to be funded from future budgets of the Department.

The Department also faces the challenge of implementing the pharmacy act, as well as strategic decision to take over mortuaries from the South African Police Services, which will increase the burden on the finances of the Department in 2006.

Reasons for under/over spending in 2005 are as follows:

- The under spending on Compensation of employees of R66, 466 million is due to the saving on vacant posts to help offset the over expenditure on Goods and Services.
- The over spending on Goods and Services of R116, 703 million is due to:
 - a Actual expenditure of R21 million for purchases from the Medical Depot were rolled over from the 2003/2004 financial year, due to year end audit adjustments to comply with the indicated accounting policy;
 - b The fact that the Department have to budget sufficiently for compensation of employees, has a negative impact on the Goods and services budget; and
 - c The budget for medicine and medical consumables remained under pressure and contributed to the over expenditure. The department cannot control the flow of patients and cannot refuse any person the right to health care.
- The over spending on Financial Transactions in Assets and Liabilities of R6, 479 million is due to thefts and losses that are not budgeted for according to regulation. Note should be taken of the fact that the department deviated from the accounting policy for expenditure on Financial Transactions in Assets and Liabilities. See note 7 for more details.
- The over expenditure on transfers to provinces and municipalities of R5, 190 million is mainly due to the payment of RSC Levies that was budgeted under goods and services.
- The over expenditure on transfers to Households of R13, 397 million is mainly due to the payment of bursaries to non-employees, which was budgeted for under goods and services
- The under spending of R32, 343 million is on capital projects that are continuing in the 2005/06 financial year. The Department will apply for a rollover of funds.

FREE STATE DEPARTMENT OF HEALTH

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REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2005

With regard to revenue, the Department collected R75, 114 million, which is 16% above target.

2. Services rendered by the department

2.1 Services rendered

The core business of the department is the delivery of Quality Health Care Services. The management structure is designed to support the enabling of this. This structure gives effect to the requirement to decentralise and ensure accountability for both resource management and strategic implementation at all levels of management.

Implementation in each of the management clusters is coordinated to achieve the strategic intentions of the department in an integrated manner. Funds were allocated in Vote 5 in terms of eight budget programmes. Each cluster manages their resources to deliver the mandated services, as well as to achieve corporate goals and strategic objectives set out in the Strategic Plan.

The Clinical Health Services Cluster is responsible to ensure the provision of health services at all levels of care. It is divided into two geographic service areas called Regional Complexes and the Academic Health Services Complex. The bulk of the personnel are in this cluster. Each level of care has an identified package of services based on the clinical needs of patients and clients. In terms of an agreement, tertiary and secondary health services are also provided to citizens of Northern Cape and Lesotho.

The Finance and Health Support Clusters support delivery of the core function.

The Finance Cluster is a financial support service to the other clusters regarding financial management, supply chain management and strategic management.

The Health Support Cluster is responsible for policy formulation, monitoring and evaluation of specialised services and health programmes. Other components in this cluster provide logistic support to the entire Free State Department of Health regarding human resource management, human resource development and specialised health services.

More than 7.4 million out-patients were treated at all the health facilities in 2004. Of these 7.4 million out patients, 6.1 million were treated in PHC facilities while 789 089 out-patients visited the district hospitals. 169 394 patients were treated at Universitas hospital and 32 096 patients were treated at the Free State Psychiatric Complex. The total number who visited Anti-natal Clinics in all districts is 69 135. The average length of stay in the district hospitals was 3.5 days and 6.5 days at the regional and tertiary hospitals.

13217 Emergency Medical Services calls were handled and more than 118 000 patients were transported through the planned patient transport (Commuter transport).

The new EMS control centre in the Southern Free State, with digital equipment, was launched with 16 call centre operators. 12 New ambulances were purchased. The new ambulances will be distributed as follows: Xhariep 3; Motheo 3; Lejweleputswa 3; Thabo Mofutsanyana 3.

The department distributed 8 700 dosages flu vaccine during the winter months. The elderly and other vulnerable persons were beneficiaries.

The goal of an ARV treatment site in each district was achieved and 1 288 patients are on the ARV programme, of which 98 are children.

FREE STATE DEPARTMENT OF HEALTH

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REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2005

A comprehensive ARV monitoring and evaluation system was implemented in the Free State as part of the comprehensive ARV treatment programme.

Home-based care is implemented in 95% of the towns and eight step-down facilities have been established and are functioning well. A total of 105 care givers are involved in step- down facilities.

3 386 Health professionals received rural and scarce skills allowances at a cost of R18.3 million. Out of 12 hospitals that were enrolled in the COHSASA programme, 5 hospitals received a full 2-year accreditation. The remaining 19 hospitals have also been enrolled in the COHSASA programme. This programme is geared to ensure that hospitals continue to render quality services that support the safety of patients.

A rural health plan was developed and implemented in all districts. Approximately 255 000 patients were visited and treated by mobile clinics. Through this plan, essential PHC services are made available and accessible to the rural and farm communities in the province.

The department achieved a high level of financial management and reporting, and after national assessment, the annual report for 2002/03 was judged the best financial report in the public service on national and provincial level. The South African Institute of Government Auditors commended the department for achieving the highest percentage ever in the assessment of the annual financial report of National and Provincial departments.

The department successfully implemented, on a decentralised basis, the Basic Accounting System from 1 April 2004. Although the implementation of BAS was a challenge, support to offices and institutions included management interventions such as a weekly Newsflash to keep the BAS users informed.

To enhance awareness and to combat fraud and corruption, a Z-card with detailed information was distributed to officials. A monthly financial management newsletter is issued to support the effective and efficient management of resources.

In July 2004, a mass immunization campaign was conducted against measles and polio in the province, where 94% coverage for measles was achieved during the campaign.

In 2003, 8 cases of measles were notified, with only 4 cases in 2004. The goal remains to eradicate measles completely in the Free State. 78% coverage for polio was achieved during the campaign. An Acute Flaccid Paralysis (AFP) stool adequacy rate of 80% was achieved in 2004.

There has been a significant improvement in the cataract operations performed and eye care services provided, since 1999. Cataract operations in the Free State increased from 465 in 1999 to 2 264 in 2003, while 3 157 cataract procedures were performed in 2004.

A Provincial Health Promotion Strategy was approved and launched in September 2004. Through Health Promotion and Health Education campaigns, awareness was created amongst communities and health workers for the need to wash hands to prevent the spread of infection at home and in hospitals. Two anti-obesity projects were run and oral brush education was given to pupils.

Since April 2004, extended eye care, renal and psychiatric services were rendered to Mofumahadi Manapo Mopeli Hospital. Through this, 680 cataract operations and 11 renal dialysis procedures (i.e. 8 haemodialysis and 3 peritoneal dialyses) were delivered.

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2005

2.2 Tariff policy

User tariffs in respect of the services rendered by the Free State Department of Health are revised annually in terms of the Treasury Regulations. The revised Uniform Patient Fee Schedule [UPFS] was implemented on 1 February 2005.

Patients are classified into two categories, namely full paying patients and subsidised patients, for which different fee structures apply. Subsidised patients are categorised according to income into category H0, H1, H2 and H3.

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Category	Means Test	Subsidisation (% of UPFS)
H0	<p>Social Pensioners (Recipients of the following pension/grants: Old age pension, Child support grant, Veteran's pension, Care dependency grant, Pension for the blind, Family allowance, Maintenance grant, Disability grant and Single-care grant. Should the social pensioners belong to a medical scheme, they will be regarded as full paying patients.</p> <p>Persons supported by the Unemployment Insurance Fund (UIF).</p> <p>If a patient cannot afford the fees on the basis of his or her original classification, then the patient may be re-classified as H0 by the person in charge of the health care facility.</p>	Patients in this group receive all services free of charge.
H1	<p>Individual: Income less than R36 000 per annum Household: Income less than R50 000 per annum</p>	<p>Consultations: 20% with no differentiation for emergency consultations Inpatient: 1% of the UPFS general ward day tariff summed for 7 days for each 30 days or part thereof. No differentiation on the basis of bed type. Patient and Emergency Transport: 5% Assistive devices: 25% All other services: Free Calculated amounts should be rounded to the nearest R5 to facilitate cash accounting.</p>
H2	<p>Individual: Income less than R72 000 per annum Household: Income less than R100 000 per annum</p>	<p>Consultations: 70% with differentiation for emergency consultations Inpatient days: 7% per day with differentiation on the basis of bed type Procedures, imaging and oral health: 50% Patient and Emergency Transport: 15% Assistive devices: 75% All other services: Free Calculated amounts should be rounded to the nearest R5 to facilitate cash accounting.</p>
H3	<p>Individual: Income greater than or equal to R72 000 per annum Household: Income greater than or equal to R100 000 per annum</p>	All services listed in the UPFS at full price

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for the year ended 31 March 2005

2.3 Free Services

Free Services relate to services for pregnant women and children under the age of 6 years; primary health care; termination of pregnancy; Criminal Procedure Act; Child Care Act; persons with mental disorders; persons with disabilities; infectious, formidable and/or notifiable diseases; donors and other exempt conditions.

These circumstances have a statutory basis and apply only to the care directly related to the circumstances under which the patient has qualified for free services. Due to a lack of appropriate systems, it is not possible to quantify the cost of these free services.

2.4 Inventory

Inventory on hand consist of medicine and medical consumables to the amount of R 57, 333 million (2003/04: R55, 869 million). This is the only information that is available on the Logis system.

This amount is the value on hand in the main stores calculated on a weighted average costing method.

3. Capacity constraints

In an effort to reduce the impact of the constraints regarding goods and services and equipment, the Department applied stringency measures to assist the institutions to stay within budget.

To ensure that the Department address critical health needs and deliver according to the Strategic Plan, available resources will have to be carefully managed. Managers on all levels must also ensure that all applicable delegations, directives and prescripts are adhered to, as this will ensure sound financial management in the Department.

The impact of these measures should not hinder service delivery but should improve efficiency and effectiveness. Unfunded mandates will be identified and requests for ample funding of these are continuously tabled.

4. Utilisation of donor funds

4.1 Development Corporation Ireland

The Department of Health and the Development Corporation Ireland signed an agreement on 11 December 2001 to provide the Department of Health with financial assistance for support to Primary Health Care Delivery and Capacity building for HIV/AIDS prevention in the Free State. The Development Corporation Ireland under its Bilateral Aid Programme made a grant of R10, 226 million available over a period of three years. All these funds are channelled through the RDP account at National Treasury and all the interest earned on them will be used solely for the purpose of the programme objectives and activities.

For the financial year under review, Budget and Expenditure under three projects, were as follows:

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Project/Programme	Progress to date (from the start of the project)	Budget	Expenditure	Variance
Human and Organisational Development	The following courses/activities have been completed: Training of District Medical Officers, Diploma in Health Management and Customer Services, Customer Care, Basic Office Skills Project Management and a course in Leadership & Motivation. Courses in progress are: Customer care improvement, Training for home based care and step-down facilities and training in advanced Midwifery.	R915 000	R836 498	R78 502
Implementation of CHC complex	The following were purchased: 32 x mattresses 4 x fridges 2 x incubators 10 x beds 5 x oil heaters 4 x instrument panels 45 x diagnostic sets 1 x motorbike 8 x Patient Carriers 4 x bakkies 11 x sedans 4 x mobile capsules 10 x computers 5 x printers 9 x fax machines Medical equipment 240 000 referral pamphlets	R2 512 072	R1 347 652	R1 164 420
NGO Capacity Building	NGO Capacitation	R1 082 515	R1 017 515	R65 000
	Total	R4 509 587	R3 201 665	R1 307 922

An amount of R2 674 462 was requested from the RDP account for the 2004/2005 financial year. An additional amount of R2 061 997 was rolled-over from the 2003/2004 financial year. The accrued interest on the amount not requested amounted to R973 887 as at 31 March 2005. VAT claimed back on expenses on the project for the year amounts to R696 713.

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The project was ongoing over a three-year period. The Development Corporation Ireland granted extension to the Free State Department of Health until 30 June 2005 to complete the project. This resulted in variances of R1 307 922 due to projects not completed at the end of the financial year but which are ongoing to the next financial year. The year-end of the Development Corporation Ireland is 31 December and budget procedures for reporting purposes to the Corporation are performed according to this financial year-end.

4.2 Belgium Government Aid

A Belgium agreement was signed in November 2004 to provide the Department of Health with financial assistance for support to reduce the burden of Tuberculosis and HIV and AIDS prevention in the Free State. Belgium Government Aid made a grant of R393 250 available to the province.

For the financial year under review, Budget and Expenditure of projects were as follows:

Project/Programme	Progress to date (from the start of the project)	Budget	Expenditure	Variance
Belgium Government Aid	Catering: (Workshops, meetings).	R144 250	R35 099	R109 152
	Memory stick, Accommodation, Air ticket, Stationery	R249 000	R8 683	R240 317
	Total	R393 250	R43 782	R349 469

5. Trading entities: Central Medical Trading Account

The aim of the Central Medical Trading Account is to provide medicines and medical consumable according to the needs of provincial institutions.

The capital of the Medical Trading Account is augmented through the voted budget of the Free State Department of Health when the need arises.

The Annual Financial Statement of the Central Trading Account is prepared in accordance with and complies with the South African Statement of Generally Accepted Accounting Practice (GAAP). Deviations from GAAP are disclosed in the financial statement of the Central Medical Trading Account. The financial statements are prepared according to historical cost convention

The net surplus of R 754 000 for 2004/05, compared to the net surplus of the R 7.072 million for the 2003/04 financial year, decreased mainly due to a decrease in sales and interest and an increase in staff cost and depreciation.

6. Organisations to whom transfer payments have been made

Transfer payments are made mainly to local authorities for the rendering of primary health care services. See note 10 and Annexure 1 for more details.

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Service level agreements were signed with all the local municipalities. Accountability arrangements of each entity were evaluated in January 2004.

The Department of Health is in the process of taking over the Primary Health Care workers from municipalities as part of the devolution of District Health Services. The following number of workers was taken over:

- Xhariep district – 94;
- Motheo – 50;
- Lejweleputswa – 409;
- Northern Free State – 197; and
- Thabo Mafutsanyana – 100.

In the 2005/06 financial year, the Department will engage various stakeholders to finalise the process of taking over municipal workers.

7. Public Private Partnerships (PPP)

The department has entered into a Public Private Partnership to improve services. A successful co-location of the Public Private Partnership between Universitas and Pelonomi hospitals and Community Health Management (CHM), has already improved facilities in both hospitals. Refer to note 32 for details.

Transaction advisors conducted a feasibility study for the replacement of Mantsopa Hospital and the development of a new hospital at Trompsburg through a PPP-agreement. Approval for this project is awaited from Treasury. The project was delayed due to unforeseen costing issues. Treasury authorisation will be obtained in the first quarter of the 2005/06 financial year.

8. Corporate Governance arrangements

A comprehensive risk management strategy was developed and implementation commenced with regard to administrative and financial management.

A Z-card was launched to enable officials and the public to easily report suspected fraud and corruption.

The Internal Audit unit provides the necessary support to management through the audit process and reporting on the implementation of the internal control checklist. This checklist is amended annually after finalization of the external audit. The unit also conducts special investigations where irregularities are identified.

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for the year ended 31 March 2005

9. Discontinued activities/activities to be discontinued

No activities have been discontinued.

10. New/proposed activities

10.1 Transfer of Medico Legal services to the Department

The transfer of Medico legal mortuaries from the South African Police Services to the department was planned to take place in the beginning of the 2004/05 financial year. The take over of the mortuaries may now only take place during 2005/2006.

This process is dependant on a national agreement between Health and the South African Police Services regarding the upgrading and funding of facilities, as well as role clarification of the respective responsibilities.

A decision was taken at national health level that the service can only be transferred to Health if this is fully funded.

10.2 Bophelo House

Bophelo House is nearly finalised. The corporate personnel will start occupying the new building during the third quarter of 2005. The corporate functions of the department will then be more accessible. Productivity levels should increase, as time will not be wasted travelling between buildings.

Efficiency has been hampered by the fact that various directorates were spread geographically in seven buildings in the city center. All these will be shifted to one corporate office that will increase efficiency and decrease duplication of certain office equipment exc. photocopy machines, fax etc.

11. Events after the reporting date

No events of significance have been identified after this reporting date.

12. Performance information

The performance section of this report contains details of performance in terms of the implementation of the Corporate Strategic Plan. Quarterly reviews focused on resource management related to implementation of the Corporate Strategic Plan. Similar reviews are held within health complexes, directorates and clusters to monitor middle management implementation and utilisation of resources. Reports are submitted to Provincial Treasury.

The implementation of health sector plans is monitored by means of an early warning system and is reported to National Department of Health. Performance in terms of the Provincial Government Free State Development Plan is monitored by means of quarterly reports. A Provincial Committee ensures alignment of departmental and District Health Services plans with Integrated Development Plans of local government.

FREE STATE DEPARTMENT OF HEALTH
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REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005

13. PROPAC resolutions

Reference to previous audit report and PROPAC resolutions	Subject	Findings on progress
15/2004	Paragraph 15.1 Fixed Asset Register	See response to Resolution 31/2004
	Paragraph 15.2 Expenditure & Payments	All matters were answered except for the response to three payments amounting to R1, 771 million, which are still under investigation.
	Paragraph 15.3 Smithfield Clinic	A report was submitted to Provincial Treasury
	Paragraph 15.4 Reconciliation and monitoring	The resolution is fully supported by top and senior management
	Paragraph 15.5 Income	Progress reports are submitted to Provincial Treasury.
	Paragraph 15.6 Payment of R164 844.	The outcome of the investigation is still pending.
	Paragraph 15.7 Pharmaceutical Stock	Pharmaceutical stock control measures are fully implemented in the department.
	Paragraph 15.8 Staff Debt	A departmental staff debt policy is in place and the department is fully committed to the recovery of all outstanding staff debt.

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Reference to previous audit report and PROPAC resolutions	Subject	Findings on progress
29/2004	Responsibility of Accounting Officers on monitoring of unauthorised, irregular, fruitless and wasteful expenditure	The Department will immediately report all irregular cases to Provincial Treasury.
30/2004	Internal Control	Internal Control measures are implemented and reviewed annually
31/2004	Asset Register	The Department discarded the Electronic Asset Register and Logis was implemented as the official Asset Register
34/2004	Implementation of BAS	BAS was fully implemented at all institutions in the department.
36/2004	Housing Loan Guarantees	An investigation has been launched since 1 March 2005 to redeem state guarantees from official who have had guarantees for 5 years and longer. The investigation will be completed by the end of September 2005.
37/2004	Housing Subsidies	The Department conducted an audit to ensure legitimate subsidy payments. The audit will be completed by the end of September 2005.
22/2003	Reports on overtime Investigations	Reports were submitted to the Provincial Treasury

FREE STATE DEPARTMENT OF HEALTH
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REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005

Approval

The annual financial statement set out on pages 153 to 221, 225 to 236 and 240 to 243 have been approved by the Acting Accounting Officer.



MS SHUPING
ACTING HEAD: HEALTH
31 MAY 2005

The annual financial statement set out on pages 247 to 250 and 254 to 256 have been approved by the Acting Accounting Officer.



MS SHUPING
ACTING HEAD: HEALTH
18 JULY 2005

**REPORT OF THE AUDITOR-GENERAL TO
THE FREE STATE LEGISLATURE ON THE FINANCIAL STATEMENTS
OF VOTE 5 - DEPARTMENT OF HEALTH
for the year ended 31 March 2005**



1. AUDIT ASSIGNMENT

The financial statements as set out on pages 153 to 221, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

I believe that the audit provides a reasonable basis for my opinion.

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Department of Health at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

4. EMPHASIS OF MATTER

Without qualifying the audit opinion above, attention is drawn to the following matters:

4.1 Unauthorised expenditure

Contrary to section 43(4) of the PFMA, funds of R1 142 000 exclusively appropriated for conditional grants were used to finance the overspendings on the equitable share expenditure. As a result, unauthorised expenditure is understated by R1 142 000.

Owing to the incorrect allocation of expenditure, programme 1 was overspent by R1 008 535. As this error was not corrected, unauthorised expenditure is understated by R1 008 535.

The unauthorised expenditure pertaining to thefts and losses amounting to R6 475 000 that was written off, notwithstanding overspendings of R37,6 million, was also not disclosed in the financial statements. The writing off of thefts and losses by not

applying any savings or underspendings from programmes for this purpose is contrary to the Office of the Accountant General's practice note 7 of 2004.

Unauthorised expenditure is thus understated by R8 625 535 in the financial statements.

4.2 Irregular expenditure

Orders amounting to R3 378 141 were identified that had been split to avoid the obtaining of tenders. The amount of R3 378 141 is considered as irregular expenditure in terms of the PFMA. This irregular expenditure has not been disclosed.

4.3 Non-compliance with laws and regulations

4.3.1 Payments

Payments to suppliers amounting to R14 638 690 were not made within 30 days of receipt of invoice, as required by Treasury Regulation 8.2.3 issued in terms of the PFMA, due to management policies and procedures not being adequately followed. This matter was also reported in the previous year.

4.3.2 Division of Revenue Act

Owing to various shortcomings identified during the audit, the conditions of conditional grants as set out in the Division of Revenue Act, 2003 (Act No. 7 of 2003) were not fully complied with.

4.3.3 Interest on patient debts

No interest was levied on outstanding patient fees. The amount of interest not levied could not be determined, as the detailed information to calculate interest was not available on the system. According to Treasury Regulation 11.5.1 issued in terms of the PFMA, interest must be charged on debts to the state at an interest rate determined by the Minister of Finance in terms of section 80 of the PFMA. According to Government Gazette No. 23727 dated 8 August 2002, notice no. 1410 of 2002, only debts resulting from support provided by state medical institutions to state patients should be recovered without interest. This matter was also reported in the previous year.

4.3.4 Banking

Botshabelo Hospital did not timeously deposit money received as required by Treasury Regulation 15.5.1 issued in terms of the PFMA, due to management policies and procedures not being adequately followed. The matter was also reported in the previous year.

4.3.5 Discretionary deductions

Contrary to Treasury Regulation 23.3.6 issued in terms of the PFMA, discretionary deductions exceeded 40% of officials' basic salary in numerous cases.

4.3.6 Human resource plan

Evidence that the department had compiled and implemented a human resource plan as required in terms of part III, D1 of the Public Service Regulations, 1999, could not be submitted. According to the Personnel and Salary System (PERSAL), approximately 31,75%

of the 24 742 posts in the department were vacant at 31 March 2005. This high vacancy rate can negatively affect service delivery if a human resource plan is not urgently finalised and implemented.

4.3.7 Voted funds surrendered

The previous years voted funds to be surrendered to the revenue fund of R105,721 million was not surrendered in total as required by Treasury Regulation 15.8.1. Only R36,987 million was surrendered to the revenue fund.

4.3.8 Unauthorised expenditure

In terms of section 2 (a) of Finance Act, 2004 (Act No. 4 of 2004) the unauthorised expenditure of the 2001-02 financial year amounting to R86 314 115 should, subject to subsection (3), become a charge against the funds of the relevant department for the 2003/04 financial year. Section 3 of the mentioned act requires that if a department does not have sufficient savings available in the 2003/04 financial year to fund the relevant over expenditure pertaining to 2001-02 financial year the shortfall must become a charge against the funds of the relevant department for the 2004-05 financial year.

Unauthorised expenditure in respect of the 2001-02 financial year of R30 158 000 was charged against the funds of the 2003-04 financial years, resulting in a balance of R56 156 000 that should have been charged against the 2004-05 funds of the department. As the department had an overspending of R37 644 000 they could not apply the R56 156 000 against the funds of the 2004-05 financial year.

4.4 Irregularities

Irregularities with the cancellation of receipts were identified during the audit of Bongani Hospital. The department is currently investigating the matter to determine the extent of the irregularities.

Irregularities with the procurement of goods and services were also identified at Botshabelo Hospital. The department is considering investigating this matter further to determine the full extent of the irregularities.

As the existence of seven employees at Botshabelo Hospital could not be physically verified, salaries of R411 471 paid to these employees could not be verified. The department was requested to investigate the matter, but at the time of writing this report the investigation had not been finalised.

In terms of section 38(1)(a)(i) of the PFMA, the accounting officer of a department must ensure that the department has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The control environment and the maintenance of policies and procedures needed to achieve the objective of ensuring the orderly and efficient conduct of business, were lacking at the mentioned hospitals in these instances.

4.5 Financial management

4.5.1 Authorisation

Management policies and procedures were not adequately followed, which resulted in manual changes of R799 005 to amounts on orders not being approved.

4.5.2 Reconciliation and monitoring

Management policies and procedures were not adequately followed, which resulted in the following:

- Although management had prescribed adequate policies and procedures regarding the recording and safeguarding of assets, these procedures were not followed by the relevant personnel at all times. The fixed asset register was not correctly maintained and updated by the department during the year. The fixed assets register was also not reconciled with the general ledger. Capital expenditure of R1 263 864 was incorrectly disclosed as current expenditure in the appropriation statement and statement of financial performance. The existence of fixed assets could therefore not be satisfactorily verified.
- Theoretical stock was not always reconciled to actual stock on hand. Stocktakes were not always performed and adequate stock records were not always kept.
- Various deficiencies regarding the billing of patients and the collection of amounts due were identified. The patient fees recovered according to the financial statements differed from the patient fee debtor systems by R9 906 729. This difference could not be explained. Outstanding patient fees amounted to R147,6 million (2004: R120,2 million) at 31 March 2005, of which R79,2 million had been disclosed as possible irrecoverable debt. If the written-off patient fees of R34,4 million, as disclosed in note 29 to the financial statements, are taken into consideration, patient fees increased with R61,8 million during the financial year.
- Various deficiencies regarding the administration of and control over housing loan guarantees were identified. A difference of R1,5 million was identified between housing loan guarantees according to PERSAL and the housing loan guarantees disclosed in note 24 to the financial statements, which could not be explained. The housing loan guarantees disclosed in note 24 to the financial statements included housing loan guarantees of R1,5 million in respect of persons no longer working for the department.
- Various deficiencies regarding the maintenance of leave records and the recording of leave were identified. This resulted in, amongst others, vacation leave with a monetary value of R6,8 million not being processed timeously.
- No reference was made to the applicable contract/tender for payments amounting to R1 601 614. It could therefore not be determined whether tenders had been called for or whether the payments had been made according to the conditions of the tenders.
- Internal laundry service charges were not adequately monitored by hospitals. Documents supporting internal charges of R3 533 834 could not be submitted.
- The accuracy, classification and regularity of payments amounting to R7 933 115 could also not be verified, as valid invoices supporting these payments could not be submitted.
- Supporting documentation and adequate references were not available to confirm the correctness and validity of journal transactions amounting to R9 308 864.
- Commitments of R7 035 549 arising from a public-private partnership (PPP) were not disclosed in note 26 to the financial statements.
- Transfer payments as disclosed in annexure 1C to the financial statements differed from the schedules and documents supporting the transfer payments by R1 950 019. This difference could not be explained.

4.5.3 Internal audit

Audit reports were issued by the internal audit section. Due to the inadequate staffing of the section, reliance was limited to the work performed.

4.5.4 Policies and procedures

- The prescribed procedures for medicine stock at hospitals were not always complied with, resulting in the following:
 - Minimum re-order levels were not always calculated and recorded, resulting in required medicines not always being available, as ordered medicine could take up to six weeks to be delivered.
 - Medicines that had expired were not in all cases removed from the shelves.
 - The control over pharmaceutical stock was not always satisfactory at certain hospitals visited. This lack of control over pharmaceutical stock has been reported for a number of years.
 - Documents supporting payments made to the Central Medical Depot for pharmaceuticals of R1 955 853 were not submitted to confirm the validity of the expenditure.
- In terms of Treasury Regulation 16.8.1, the accounting officer is responsible for ensuring that a PPP agreement is properly enforced. The accounting officer must also establish mechanisms and procedures for, amongst others, monitoring and regulating the implementation of, and performance in terms of, the agreement and resolving disputes and differences with the private party. Owing to possible amendments to the PPP contract that had not been finalised, the PPP account in the records of the department had not been balanced and reconciled at the time of reporting. The potential amounts that are receivable and payable in terms of the agreement could thus not be determined. Information to verify the correctness and completeness of a suspense account balance of R3,826 million, as disclosed in note 20.3 to the financial statements in respect of revenue collected on behalf of the PPP, could not be obtained.
- Contrary to policies and procedures, payments amounting to R4 242 288 were supported by facsimiles or copies of invoices.
- The following shortcomings relating to the purchase of computer equipment were identified:
 - The information furnished on invoices for the purchase of computer equipment of R2 735 707 was not adequate to verify the correctness of the payment.
 - Although no evidence existed that computer equipment of R992 250 had been delivered, the amount was paid.

4.6 Public entity

The Free State Mangaung Nursing College is currently incorrectly listed as a public entity. The entity has been closed. Although the department applied for it to be delisted on 14 June 2002, the entity had still not been delisted.

4.7 Forensic investigation

A forensic investigation concerning certain aspects of procurement is currently being conducted by the Office of the Auditor-General. This investigation will determine the effect on the financial statements. A separate report in this regard will be issued.

5. APPRECIATION

The assistance rendered by the staff of the department during the audit is sincerely appreciated.

BJK van Niekerk

BJK van Niekerk for Auditor-General
Bloemfontein
31 July 2005



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ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 March 2005

The Annual Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Annual Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2004. The following issued, but not yet effective Standards of Generally Recognised Accounting Practice have not been fully complied with in the Annual Financial Statements: GRAP 1, 2 and 3.

1. Basis of preparation

The Annual Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

Appropriated funds

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of Provincial Expenditure. Unexpended voted funds are surrendered to the Provincial Revenue Fund, unless otherwise stated.

Departmental revenue

Tax revenue

A tax receipt is defined as compulsory, irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the statement of financial performance on receipt of the funds.

Sale of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised in the statement of financial performance on receipt of the funds.

Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the statement of financial performance on receipt of the funds.

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ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 March 2005

Interest, dividends and rent on land

Interest and dividends received are recognised upon receipt of the funds, and no provision is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the Statement of Financial Performance of the department and then transferred to the Provincial Revenue Fund.

Revenue received from the rent of land is recognised in the statement of financial performance on receipt of the funds.

Sale of capital assets

The proceeds from the sale of capital assets is recognised as revenue in the statement of financial performance on receipt of the funds.

Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

Local and foreign aid assistance

Local and foreign aid assistance is recognised in the statement of financial performance on receipt of funds. Where amounts are expensed before funds are received, a receivable is raised. Where amounts have been inappropriately expensed using Local and Foreign aid assistance, a payable is raised. In the situation where the department is allowed to retain surplus funds, these funds are shown as a reserve.

3. Expenditure

Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system. The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

Short-term employee benefits

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the final authorisation for payment is effected on the system. Short-term employee benefits, that give rise to a present legal or con-

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ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 March 2005

structive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

Long-term employee benefits and other post employment benefits Termination benefits

Termination benefits are recognised and expensed only when the final authorisation for payment is effected on the system.

Medical benefits

The department provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred when the final authorisation for payment is effected on the system. No provision is made for medical benefits in the Annual Financial Statements of the department.

Post employment retirement benefits

The department provides retirement benefits for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system. No provision is made for retirement benefits in the Annual Financial Statements of the department. Any potential liabilities are disclosed in the Annual Financial Statements of the Provincial Revenue Fund and not in the Annual Financial Statements of the employer department.

Other employee benefits

Obligations arising from leave entitlement, thirteenth cheque and performance bonus that are reflected in the disclosure notes have not been paid for at year-end.

Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. The expense is classified as capital if the goods and services was used on a capital project.

Interest and rent on land

Interest and rental payments resulting from the use of land, are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. This item excludes rental on the use of buildings or other fixed structures.

Financial transactions in assets and liabilities

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending available to the department. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

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ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 March 2005

Unauthorised expenditure

Unauthorised expenditure is defined as:

- The overspending of a vote or a main division within a vote, or
- Expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is approved by the relevant authority, recovered or written off as irrecoverable.

Irregular expenditure

Irregular expenditure is defined as:

expenditure, other than unauthorised expenditure, incurred in contravention or not in accordance with a requirement of any applicable legislation, including:

- the Public Finance Management Act,
- any regulations made in terms of this act, or
- any provincial legislation providing for procurement procedures in that provincial government.

It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure, is defined as:

expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore

- it must be recovered from a responsible official (a debtor account should be raised), or
- the vote. (If responsibility cannot be determined.)

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

4. Transfers and subsidies

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

5. Expenditure for capital assets

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

6. Investments

Investments include; Investments in Associates; Joint ventures; Investments in controlled entities and other investments.

Investments are shown at cost. On disposal of an investment, the surplus/(deficit) is recognised as revenue in the Statement of Financial Performance.

7. Receivables

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are recoverable from another party, when the payments are made.

Receivables for services delivered are not recognised in the Statement of Financial Position as a current asset or as income in the Statement of Financial Performance, as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the Annual Financial Statements.

8. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks, short term investments in money market instruments and demand deposits. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Payables

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the Statement of Financial Position arise from advances received that are due to the Provincial Revenue Fund or another party.

10. Lease commitments

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the Annual Financial Statements. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on the cash basis of accounting.

Operating lease expenditure is expensed when the payment is made.

Finance lease expenditure is expensed when the payment is made, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.

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ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 March 2005

11. Accruals

This amount represents goods/services that have been received, but no invoice has been received from the supplier at the reporting date, OR an invoice has been received but final authorisation for payment has not been effected on the system. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

12. Contingent liability

This is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department; or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability

Contingent liabilities are not recognised in the Statement of Financial position, but the information is disclosed as part of the disclosure notes.

13. Commitments

This amount represents goods/services that have been approved and/or contracted, but no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of financial position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

14. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised. On disposal, repayment or recovery, such amounts are transferred to the Revenue Fund.

15. Recoverable revenue

Recoverable revenue represents payments made and recognised in the Statement of Financial Performance as an expense in previous years due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

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ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 March 2005

16. Comparative figures

Where necessary, comparative figures have been restated to conform to the changes in the presentation in the current year. The comparative figures shown in these Annual Financial Statements are limited to the figures shown in the previous year's audited Annual Financial Statements and such other comparative figures that the department may reasonably have available for reporting. Reclassification of expenditure has occurred due to the implementation of the Standard Chart of Accounts. It is not practical to present comparative amounts in the Cash Flow Statements as this would involve reclassification of amounts dating back to the 2002/03 year-end.

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APPROPRIATION STATEMENT

for the year ended 31 March 2005

	Appropriation per Programme									
	2004/05					2003/04				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
1. Administration										
Current payment	155,836	(3,473)	(13,337)	139,026	126,558	12,468	91%	153,484	131,890	
Transfers and subsidies	2	-	-	2	7,974	(7,972)	398700%	-	-	
Expenditure for capital assets	12,259	3,473	4,472	20,204	24,700	(4,496)	122%	9,985	9,121	
2. District Health Services										
Current payment	895,552	(2,817)	13,337	906,072	924,299	(18,227)	102%	816,738	826,652	
Transfers and subsidies	92,065	-	-	92,065	94,787	(2,722)	103%	83,055	86,992	
Expenditure for capital assets	17,740	2,817	(4,472)	16,085	15,909	176	99%	6,734	8,089	
3. Emergency Medical Services										
Current payment	113,036	(310)	-	112,726	114,440	(1,714)	102%	103,942	111,135	
Transfers and subsidies	-	-	-	-	915	(915)	-100%	-	-	
Expenditure for capital assets	10,500	310	(2,516)	8,294	8,293	1	100%	9,500	5,367	
4. Provincial Hospital Services										
Current payment	700,705	-	26,773	727,478	780,457	(52,979)	107%	692,024	688,217	
Transfers and subsidies	865	-	-	865	5,028	(4,163)	581%	-	-	
Expenditure for capital assets	12,693	-	(356)	12,337	12,337	-	100%	8,443	6,950	

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APPROPRIATION STATEMENT (continued) for the year ended 31 March 2005

	2004/05							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
5. Central Hospital Services									
Current payment	481,366	(150)	(26,773)	454,443	443,138	11,305	98%	444,456	443,117
Transfers and subsidies	-	-	-	-	2,230	(2,230)	-100%	-	-
Expenditure for capital assets	3,100	150	4,928	8,178	17,253	(9,075)	211%	2,909	1,464
6. Health Sciences and Training									
Current payment	84,327	(347)	2,182	86,162	89,733	(3,571)	104%	75,670	76,341
Transfers and subsidies	-	-	-	-	330	(330)	-100%	-	-
Expenditure for capital assets	2,595	347	(2,056)	886	886	-	100%	1,781	2,858
7. Health Care Support									
Current payment	26,238	(138)	(2,182)	23,918	21,446	2,472	90%	18,148	11,837
Transfers and subsidies	4	-	-	4	305	(301)	7625%	-	-
Expenditure for capital assets	1,034	138	-	1,172	3,228	(2,056)	275%	4,397	596
8. Health Facilities and Capital Stock									
Current payment	-	-	-	-	-	-	0%	83,891	-
Expenditure for capital assets	147,350	-	-	147,350	94,190	53,160	64%	39,439	104,709
9. Supernumerary									
Current payment	-	-	-	-	-	-	0%	17,839	17,839

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APPROPRIATION STATEMENT (continued)
for the year ended 31 March 2005

2004/05										2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000		
10. Thefts and Losses											
Current payment	-	-	-	-	6,473	(6,473)	-100%	20,000	9,239		
Transfers and subsidies	-	-	-	-	2	(2)	-100%	-	-		
Total	2,757,267	-	-	2,757,267	2,794,911	(37,644)	101%	2,592,435	2,542,413		
Reconciliation with Statement of Financial Performance											
Prior year unauthorised expenditure approved with funding				35,911				-			
Departmental receipts				10,125				16,978			
Local and foreign aid assistance				3,753				2,500			
Actual amounts per Statement of Financial Performance (Total Revenue)				2,807,056				2,611,913			
Local and foreign aid assistance					3,243				1,298		
Prior year unauthorised expenditure approved					35,911				30,158		
Actual amounts per Statement of Financial Performance Expenditure					2,834,065				2,573,869		

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VOTE 5

APPROPRIATION STATEMENT (continued) for the year ended 31 March 2005

	Appropriation per Economic classification									
	2004/05					2003/04				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
Current payments										
Compensation to employees	1,814,364	(28,344)	(38,980)	1,747,040	1,680,574	66,466	96%	1,554,905	1,495,541	
Goods and services	642,696	21,109	38,980	702,785	819,488	(116,703)	117%	851,287	811,061	
Interest and rent on land	-	-	-	-	-	-	0%	-	426	
Financial transactions in assets and liabilities	-	-	-	-	6,479	(6,479)	-100%	20,000	9,239	
Transfers & subsidies										
Provinces & municipalities	92,936	(244)	-	92,692	97,883	(5,191)	106%	83,055	86,992	
Departmental agencies & accounts	-	32	-	32	-	32	0%	-	-	
Public corporations & private enterprises	-	-	-	-	21	(21)	-100%	-	-	
Non-profit institutions	-	-	-	-	59	(59)	-100%	-	-	
Households	-	212	-	212	13,609	(13,397)	6419%	-	-	
Payment on capital assets										
Buildings & other fixed structures	124,990	5,149	-	130,139	97,796	32,343	75%	39,439	105,312	
Machinery & equipment	82,281	(684)	-	81,597	75,498	6,099	93%	43,749	33,842	
Software & other intangible assets	-	2,770	-	2,770	3,504	(734)	126%	-	-	
Total	2,757,267	-	-	2,757,267	2,794,911	(37,644)	101%	2,592,435	2,542,413	

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

APPROPRIATION STATEMENT (continued) for the year ended 31 March 2005

Note: Orthotic and Prosthetic previously formed part of the sub programme, Community Based Services in Programme 2. Orthotic and Prosthetic is now a separate sub programme in Programme 7. Comparative figures have been restated accordingly.

Comparative figures for all programs have been restated to reflect Thefts and Losses as a separate programme.

With the implementation of the new Standard Chart of Accounts there were items that moved across economic classifications. It was possible for the Department to restate the comparative figures to the notes of the statement of Financial Performance, but it is not possible to restate the comparative figures on the Appropriation Statement per sub programme, because the FMS detail is no longer available. The following economic classifications are affected: a) Compensation of Employees, b) Goods and Services and c) Transfers to Provinces and Municipalities.

Programme per subprogramme	Detail per programme 1 - Administration for the year ended 31 March 2005							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1.1 Office of the MEC									
Current payment	2,222	(6)	-	2,216	2,241	(25)	101%	2,257	1,867
Transfers and subsidies	-	6	-	6	8	(2)	133%	-	-
Expenditure for capital assets	30	-	-	30	390	(360)	1300%	-	-
1.2 Management									
Current payment	153,614	(3,467)	(13,337)	136,810	124,317	12,493	91%	151,227	130,023
Transfers and subsidies	2	(6)	-	(4)	7,966	(7,970)	-199150%	-	-
Expenditure for capital assets	12,229	3,473	4,472	20,174	24,310	(4,136)	121%	9,985	9,121
Total	168,097	-	(8,865)	159,232	159,232	-	100%	163,469	141,011

FREE STATE DEPARTMENT OF HEALTH

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APPROPRIATION STATEMENT (continued) for the year ended 31 March 2005

Detail per programme 1 - Administration (continued) for the year ended 31 March 2005									
Economic classification	2004/05					2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation to employees	96,401	(3,482)	(12,207)	80,712	80,712	-	100%	99,411	84,668
Goods and services	59,435	9	(1,130)	58,314	45,846	12,468	79%	54,073	47,222
Transfers & subsidies									
Provinces & municipalities	2	-	-	2	1,057	(1,055)	52850%	-	-
Households	-	-	-	-	6,917	(6,917)	-100%	-	-
Payments for capital assets									
Buildings & other fixed structures	-	-	-	-	4,405	(4,405)	-100%	-	10
Machinery & equipment	12,259	1,274	4,472	18,005	17,188	817	95%	9,985	9,111
Software & other intangible assets	-	2,199	-	2,199	3,107	(908)	141%	-	-
Total	168,097	-	(8,865)	159,232	159,232	-	100%	163,469	141,011

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APPROPRIATION STATEMENT (continued)
for the year ended 31 March 2005

Detail per programme 2 - District Health Services for the year ended 31 March 2005									
Programme per subprogramme	2004/05					2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
2.1 District Management									
Current payment	78,639	(265)	-	78,374	21,286	57,088	27%	24,653	26,783
Transfers and subsidies	-	116	-	116	9,043	(8,927)	7796%	-	-
Expenditure for capital assets	1,834	(1,100)	-	734	1,429	(695)	195%	611	-
2.2 Community Health Clinics									
Current payment	121,987	(13,644)	-	108,343	89,229	19,114	82%	52,965	47,616
Transfers and subsidies	84,603	13,414	-	98,017	77,399	20,618	79%	73,814	79,084
Expenditure for capital assets	-	190	-	190	(907)	1,097	-477%	-	-
2.3 Community Health Centre									
Current payment	35,518	6,063	-	41,581	29,868	11,713	72%	34,122	40,921
Transfers and subsidies	6,015	(5,906)	-	109	159	(50)	146%	-	-
Expenditure for capital assets	-	162	-	162	133	29	82%	-	-
2.4 Community Based Services									
Current payment	149,501	13,179	13,337	176,017	194,885	(18,868)	111%	198,941	237,530
Transfers and subsidies	15,005	(13,976)	-	1,029	4,656	(3,627)	452%	3,214	4,546
Expenditure for capital assets	3,925	475	(3,298)	1,102	1,102	-	100%	1,978	4,972

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

APPROPRIATION STATEMENT (continued) for the year ended 31 March 2005

Detail per programme 2 - District Health Services (continued) for the year ended 31 March 2005									
Programme per subprogramme	2004/05					2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
2.5 Other Community Services									
Current payment	1	-	-	1	541	(540)	54100%	3,834	3,329
Expenditure for capital assets	-	-	-	-	-	-	0%	32	64
2.6 HIV and Aids									
Current payment	75,835	1,306	-	77,141	73,838	3,303	96%	28,550	32,374
Transfers and subsidies	3,264	(2,092)	-	1,172	816	356	70%	6,027	1,091
Expenditure for capital assets	996	786	(525)	1,257	1,257	-	100%	255	758
2.7 Nutrition									
Current payment	27,872	(74)	-	27,798	14,023	13,775	50%	55,535	44,482
Transfers and subsidies	13	-	-	13	13	-	100%	-	2,271
Expenditure for capital assets	-	88	-	88	366	(278)	416%	246	1
2.8 Coroner Services									
Current payment	926	-	-	926	138	788	15%	1,001	-
Expenditure for capital assets	75	-	-	75	52	23	-100%	-	-
2.9 District Hospitals									
Current payment	405,273	(9,382)	-	395,891	500,491	(104,600)	126%	417,137	393,617
Transfers and subsidies	(16,835)	8,444	-	(8,391)	2,701	(11,092)	-32%	-	-
Expenditure for capital assets	10,910	2,216	(649)	12,477	12,477	-	100%	3,612	2,294
Total	1,005,357	-	8,865	1,014,222	1,034,995	(20,773)	102%	906,527	921,733

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

APPROPRIATION STATEMENT (continued)
for the year ended 31 March 2005

Detail per programme 2 - District Health Services (continued) for the year ended 31 March 2005									
Economic classification	2004/05					2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current									
Compensation to employees	704,597	(15,477)	-	689,120	600,002	89,118	87%	521,871	491,091
Goods and services	190,955	12,660	13,337	216,952	324,295	(107,343)	149%	294,867	335,137
Interest and rent on land	-	-	-	-	-	-	0%	-	424
Transfers & subsidies									
Provinces & municipalities	92,065	(244)	-	91,821	92,333	(512)	101%	83,055	86,992
Dept agencies & accounts	-	32	-	32	-	32	0%	-	-
Households	-	212	-	212	2,454	(2,242)	1158%	-	-
Capital									
Buildings & other fixed structures	-	1,410	-	1,410	(799)	2,209	-57%	-	640
Machinery & equipment	17,740	867	(4,472)	14,135	16,346	(2,211)	116%	6,734	7,449
Software & other intangible assets	-	540	-	540	364	176	67%	-	-
Total	1,005,357	-	8,865	1,014,222	1,034,995	(20,773)	102%	906,527	921,733

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

APPROPRIATION STATEMENT (continued) for the year ended 31 March 2005

Detail per programme 3 - Emergency Medical Services for the year ended 31 March 2005									
Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
3.1 Emergency Transport									
Current payment	102,704	70	-	102,774	101,163	1,611	98%	95,916	106,543
Transfers and subsidies	-	(80)	-	(80)	905	(985)	-1131%	-	-
Expenditure for capital assets	10,500	10	(2,479)	8,031	8,031	-	100%	9,500	5,367
3.2 Planned Patient Transport									
Current payment	10,332	(380)	-	9,952	13,277	(3,325)	133%	8,026	4,592
Transfers and subsidies	-	80	-	80	10	70	13%	-	-
Expenditure for capital assets	-	300	(37)	263	262	1	100%	-	-
Total	123,536	-	(2,516)	121,020	123,648	(2,628)	102%	113,442	116,502

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

APPROPRIATION STATEMENT (continued)
for the year ended 31 March 2005

Detail per programme 3 - Emergency Medical Services (continued) for the year ended 31 March 2005									
Economic classification	2004/05					2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Current									
Compensation to employees	68,239	-	-	68,239	63,768	4,471	93%	63,661	74,692
Goods and services	44,797	(310)	-	44,487	50,672	(6,185)	114%	40,281	36,443
Transfers & subsidies									
Provinces & municipalities	-	-	-	-	745	(745)	-100%	-	-
Public corporations & private enterprises	-	-	-	-	21	(21)	-100%	-	-
Households	-	-	-	-	148	(148)	-100%	-	-
Capital									
Machinery & equipment	10,500	310	(2,516)	8,294	8,294	-	100%	9,500	5,367
Total	123,536	-	(2,516)	121,020	123,648	(2,628)	102%	113,442	116,502

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

APPROPRIATION STATEMENT (continued) for the year ended 31 March 2005

Detail per programme 4 - Provincial Hospital Services for the year ended 31 March 2005									
Programme per subprogramme	Adjusted Appropriat ion R'000	Shifting of Funds R'000	Virement R'000	2004/05			2003/04		
				Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
4.1 General Hospitals									
Current payment	587,187	(243)	26,773	613,717	662,704	(48,987)	108%	582,323	580,111
Transfers and subsidies	-	243	-	243	3,489	(3,246)	1436%	-	-
Expenditure for capital assets	12,193	-	(332)	11,861	11,861	-	100%	7,943	6,950
4.2 Psychiatric/ Mental Hospitals									
Current payment	113,518	243	-	113,761	117,753	(3,992)	104%	109,701	108,106
Transfers and subsidies	865	(243)	-	622	1,539	(917)	247%	-	-
Expenditure for capital assets	500	-	(24)	476	476			500	-
Total	714,263	-	26,417	740,680	797,822	(57,142)	108%	700,467	695,167

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

APPROPRIATION STATEMENT (continued)
for the year ended 31 March 2005

Detail per programme 4 - Provincial Hospital Services (continued) for the year ended 31 March 2005									
Economic classification	2004/05						2003/04		Expenditure as % of final appropriation
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Final Appropriation R'000	Actual Expenditure R'000	
Current									
Compensation to employees	540,687	(5,954)	-	534,733	568,847	(34,114)	517,607	493,677	106%
Goods and services	160,018	5,954	26,773	192,745	211,607	(18,862)	174,417	194,538	110%
Interest and rent on land	-	-	-	-	-	-	-	2	0%
Financial transactions in assets and liabilities	-	-	-	-	3	(3)	-	-	-100%
Transfers & subsidies									
Provinces & municipalities	865	-	-	865	2,514	(1,649)	-	-	291%
Non-profit institutions	-	-	-	-	59	(59)	-	-	-100%
Households	-	-	-	-	2,456	(2,456)	-	-	-100%
Capital									
Machinery & equipment	12,693	-	(356)	12,337	12,334	3	8,443	6,950	100%
Software & other intangible assets	-	-	-	-	2	(2)	-	-	-100%
Total	714,263	-	26,417	740,680	797,822	(57,142)	700,467	695,167	108%

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

APPROPRIATION STATEMENT (continued) for the year ended 31 March 2005

Detail per programme 5 - Central Hospital Services for the year ended 31 March 2005									
Programme per subprogramme	2004/05					2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
5.1 Central Hospital Services									
Current payment	481,366	(150)	(26,773)	454,443	283,244	171,199	62%	444,456	443,117
Transfers and subsidies	-	-	-	-	2,217	(2,217)	-100%	-	-
Expenditure for capital assets	3,100	150	4,928	8,178	-	8,178	0%	2,909	1,464
5.2 Provincial Tertiary Hospital Services									
Current payment	-	-	-	-	159,894	(159,894)	-100%	-	-
Transfers and subsidies	-	-	-	-	13	(13)	-100%	-	-
Expenditure for capital assets	-	-	-	-	17,253	(17,253)	-100%	-	-
Total	484,466	-	(21,845)	462,621	462,621	-	100%	447,365	444,581

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

APPROPRIATION STATEMENT (continued)
for the year ended 31 March 2005

Detail per programme 5 - Central Hospital Services (continued) for the year ended 31 March 2005									
Economic classification	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current									
Compensation to employees	322,941	(1)	(26,773)	296,167	278,631	17,536	94%	275,622	282,605
Goods and services	158,425	(149)	-	158,276	164,507	(6,231)	104%	168,834	160,512
Transfers & subsidies									
Provinces & municipalities	-	-	-	-	903	(903)	-100%	-	-
Households	-	-	-	-	1,327	(1,327)	-100%	-	-
Capital									
Machinery & equipment	3,100	150	4,928	8,178	17,253	(9,075)	211%	2,909	1,464
Total	484,466	-	(21,845)	462,621	462,621	-	100%	447,365	444,581

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

APPROPRIATION STATEMENT (continued)

for the year ended 31 March 2005

Detail per programme 6 - Health Sciences and Training for the year ended 31 March 2005									
Programme per subprogramme	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
6.1 Nurse Training Colleges									
Current payment	41,409	(335)	2,182	43,256	60,441	(17,185)	140%	41,773	33,972
Transfers and subsidies	-	(5)	-	(5)	363	(368)	-7260%	-	-
Expenditure for capital assets	2,535	340	(2,056)	819	804	15	98%	976	1,654
6.2 EMS Training Colleges									
Current payment	2,045	-	-	2,045	927	1,118	45%	2,839	1,023
Expenditure for capital assets	-	-	-	-	-	-	0%	743	729
6.3 Bursaries									
Current payment	11,094	-	-	11,094	9,248	1,846	83%	10,466	17,787
Transfers and subsidies	-	-	-	-	(33)	33	-100%	-	-
6.4 Primary Health Care Training									
Current payment	15,136	(3)	-	15,133	12,579	2,554	83%	1	-
Transfers and subsidies	-	3	-	3	-	3	0%	-	-
Expenditure for capital assets	-	-	-	-	2	(2)	-100%	-	-
6.5 Other Training									
Current payment	14,643	(9)	-	14,634	6,538	8,096	45%	20,591	23,559
Transfers and subsidies	-	2	-	2	-	2	0%	-	-
Expenditure for capital assets	60	7	-	67	80	(13)	119%	62	475
Total	86,922	-	126	87,048	90,949	(3,901)	104%	77,451	79,199

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

APPROPRIATION STATEMENT (continued)
for the year ended 31 March 2005

Detail per programme 6 - Health Sciences and Training (continued) for the year ended 31 March 2005										
Economic classification	2004/05						2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
Current										
Compensation to employees	47,747	(2,221)		47,708	60,833	(13,125)	128%	40,332	35,299	
Goods and services	36,580	1,874		38,454	28,899	9,555	75%	35,338	41,042	
Transfers & subsidies										
Provinces & municipalities	-	-	-	-	239	(239)	-100%	-	-	
Households	-	-	-	-	92	(92)	-100%	-	-	
Capital										
Machinery & equipment	2,595	316	(2,056)	855	855	-	100%	1,781	2,858	
Software & other intangible assets	-	31	-	31	31	-	100%	-	-	
Total	86,922	-	126	87,048	90,949	(3,901)	104%	77,451	79,199	

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

APPROPRIATION STATEMENT (continued) for the year ended 31 March 2005

Detail per programme 7 - Health Care Support for the year ended 31 March 2005									
Programme per subprogramme	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
7.1 Laundries									
Current payment	43,171	38	(2,182)	41,027	36,568	4,459	89%	33,328	29,559
Transfers and subsidies	-	59	-	59	266	(207)	451%	-	-
Expenditure for capital assets	844	(97)	-	747	3,135	(2,388)	420%	4,352	584
7.2 Internal Charges									
Current payment	(24,187)	-	-	(24,187)	(21,605)	(2,582)	89%	(24,187)	(23,822)
7.3 Engineering									
Current payment	-	1	-	1	-	1	0%	-	-
Expenditure for capital assets	1	(1)	-	-	-	-	0%	-	-
7.4 Forensic Services									
Current payment	-	1	-	1	-	1	0%	-	-
Expenditure for capital assets	1	(1)	-	-	-	-	0%	-	-
7.5 Orthotic and Prosthetic Services									
Current payment	7,254	(178)	-	7,076	6,483	593	92%	7,007	6,100
Transfers and subsidies	4	(59)	-	(55)	39	(94)	-71%	-	-
Expenditure for capital assets	188	237	-	425	93	332	22%	45	12
7.6 Medpas Trading Account									
Current payment	-	-	-	-	-	-	0%	2,000	-
Total	27,276	-	(2,182)	25,094	24,979	115	100%	22,545	12,433

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

APPROPRIATION STATEMENT (continued)
for the year ended 31 March 2005

Detail per programme 7 - Health Care Support (continued) for the year ended 31 March 2005									
Economic classification	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current									
Compensation to employees	33,752	(1,209)	(2,182)	30,361	27,781	2,580	92%	23,485	20,593
Goods and services	(7,514)	1,071	-	(6,443)	(6,335)	(108)	98%	(5,337)	(8,756)
Transfers & subsidies									
Provinces & municipalities	4	-	-	4	90	(86)	2250%	-	-
Households	-	-	-	-	215	(215)	-100%	-	-
Capital									
Machinery & equipment	1,033	139	-	1,172	3,228	(2,056)	275%	4,397	596
Total	27,276	-	(2,182)	25,094	24,979	115	100%	22,545	12,433

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

APPROPRIATION STATEMENT (continued) for the year ended 31 March 2005

Detail per programme 8 - Health Facilities and Capital Stock for the year ended 31 March 2005									
Programme per subprogramme	2004/05					2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
8.1 Community Health Facilities									
Current payment	-	-	-	-	-	-	0%	5,145	-
Expenditure for capital assets	52,221	-	-	52,221	20,724	31,497	40%	25,000	28,073
8.2 District Hospital Services									
Current payment	-	-	-	-	-	-	0%	36,309	-
Expenditure for capital assets	40,719	-	-	40,719	24,011	16,708	59%	12,000	33,832
8.3 Provincial Hospital Services									
Current payment	-	-	-	-	-	-	0%	41,216	-
Expenditure for capital assets	52,370	-	-	52,370	48,521	3,849	93%	2,439	41,037
8.4 Central Hospital Services									
Current payment	-	-	-	-	-	-	0%	1,221	-
Expenditure for capital assets	2,040	-	-	2,040	934	1,106	46%	-	1,767
Total	147,350	-	-	147,350	94,190	53,160	64%	123,330	104,709

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VOTE 5

APPROPRIATION STATEMENT (continued)
for the year ended 31 March 2005

Detail per programme 8 - Health Facilities and Capital Stock (continued) for the year ended 31 March 2005										
Economic classification	2004/05						2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
Current	-	-	-	-	-	-	0%	83,891	-	-
Goods and services										
Capital										
Buildings & other fixed structures	124,989	3,740	-	128,729	94,190	34,539	73%	39,439	104,662	
Machinery & equipment	22,361	(3,740)	-	18,621	-	18,621	0%	-	47	
Total	147,350	-	-	147,350	94,190	53,160	64%	123,330	104,709	

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VOTE 5

APPROPRIATION STATEMENT (continued) for the year ended 31 March 2005

Detail per programme 9 - Supernumerary for the year ended 31 March 2005									
Programme per subprogramme	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
9.1 Administration Current payment	-	-	-	-	-	-	0%	5,149	5,149
9.2 District Health Services Current payment	-	-	-	-	-	-	0%	2,749	2,749
9.3 Provincial Hospital Services Current payment	-	-	-	-	-	-	0%	7,342	7,342
9.4 Central Hospital Services Current payment	-	-	-	-	-	-	0%	1,837	1,837
9.5 Health Sciences and Training Current payment	-	-	-	-	-	-	0%	762	762
Total	-	-	-	-	-	-	0%	17,839	17,839

2004/05								2003/04	
Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current									
Compensation to employees	-	-	-	-	-	-	0%	12,916	12,916
Goods and services	-	-	-	-	-	-	0%	4,923	4,923
Total	-	-	-	-	-	-	0%	17,839	17,839

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VOTE 5

APPROPRIATION STATEMENT (continued)
for the year ended 31 March 2005

Detail per programme 10 - Thefts and Losses for the year ended 31 March 2005									
Programme per subprogramme	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
10.1 Thefts and Losses									
Current payment	-	-	-	-	6,473	(6,473)	-100%	20,000	9,239
Transfers and subsidies	-	-	-	-	2	(2)	-100%	-	-
Total	-	-	-	-	6,475	(6,475)	0%	20,000	9,239

Detail per programme 10 - Thefts and Losses for the year ended 31 March 2005									
Economic classification	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current									
Goods and services	-	-	-	-	(3)	3	-100%	-	-
Financial transactions in assets and liabilities	-	-	-	-	6,476	(6,476)	-100%	20,000	9,239
Transfers & subsidies									
Provinces & municipalities	-	-	-	-	2	(2)	-100%	-	-
Total	-	-	-	-	6,475	(6,475)	-100%	20,000	9,239

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2005

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 10 (Transfers and subsidies) and Annexure 1 to the annual financial statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the annual financial statements.

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 7 (Details of special functions (theft and losses)) to the annual financial statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme:

	Voted Funds after virement	Actual Expenditure	R'000	%
Administration	159,232	159,232	-	0.00%

The underspending of R12,468 million on goods and services is due to the move to the new building that did not materialize in the current financial year and other underspendings to partially fund the over expenditure in other programs.

The over expenditure of R7,972 million on transfers and subsidies is due to bursary payments to non-employees. The budget was allocated under goods and services.

	Voted Funds after virement	Actual Expenditure	R'000	%
District Health Services	1,014,222	1,034,995	(20,773)	-2.05%

The underspending of R89,118 million on compensation of employees is due to the non filling of vacant posts to partially fund the over expenditure on goods and services.

The over expenditure of R107,343 million on goods and services is due to increased pressure on medicine and medical Consumables. The Department cannot refuse any person the right to health care.

	Voted Funds after virement	Actual Expenditure	R'000	%
Emergency Medical Services	121,020	123,648	(2,628)	-2.17%

The over expenditure of R6,185 million on goods and services is due to excessive maintenance of emergency vehicles and the running costs of these vehicles

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

NOTES TO THE APPROPRIATION STATEMENT (continued) for the year ended 31 March 2005

	Voted Funds after virement	Actual Expenditure	R'000	%
Provincial Hospital Services	740,680	797,822	(57,142)	-7.71%

The over expenditure of R34,114 million on compensation of employees is mainly due to rural and scarce skills allowances.

The over expenditure of R18,862 million on goods and services is due to increased pressure on medicine and medical Consumables. The Department cannot refuse any person the right to health care.

	Voted Funds after virement	Actual Expenditure	R'000	%
Central Hospital Services	462,621	462,621	-	0.00%

The underspending of R17,536 million on compensation of employees is due to the non filling of vacant posts to partially fund the over expenditure on goods and services.

The over expenditure of R6,231 million on goods and services is due to increased pressure on medicine and medical Consumables. The Department cannot refuse any person the right to health care.

The over expenditure of R9,075 million on machinery and equipment is due to the purchase of critical capital equipment that had to be replaced.

	Voted Funds after virement	Actual Expenditure	R'000	%
Health Sciences and Training	87,048	90,949	(3,901)	-4.48%

The over expenditure of R13,125 million on compensation of employees is mainly due to salaries for people enrolled at the Free State School of Nursing. The budget was allocated under Bursaries (Goods and Services) as this used to be the method of payment.

The underspending of R9,555 million on goods and services is mainly due to an allocation procedure for training funds for institutions/ directorates that was delayed.

	Voted Funds after virement	Actual Expenditure	R'000	%
Health Facilities and Capital Stock	147,350	94,190	53,160	36.08%

The underspending within program 8 is on capital projects in process that are continuing in the 2005/2006 financial year. Application will be made for a roll over.

	Voted Funds after virement	Actual Expenditure	R'000	%
Thefts and Losses	-	6,475	(6,475)	100.00%

The over expenditure is due to thefts and losses that are not budgeted for according to regulation. Note should be taken of the fact that the department deviated from the accounting policy for expenditure on Financial Transactions in Assets and Liabilities. See note 7 for more details.

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

NOTES TO THE APPROPRIATION STATEMENT (continued) for the year ended 31 March 2005

4.2 Per economic classification:

R'000

Current expenditure

Compensation of employees

66,466

The underspending on compensation of employees is due to the non-filling of vacant posts to help offset the over expenditure on goods and services.

Goods and services

(116,703)

The over expenditure on goods and services is mainly due to the following:

- Increased pressure on medicine and medical Consumables. The Department can not refuse any person the right to health care;
- Actual expenditure of R21 million for purchases from the Medical Depot were rolled over from the 2003/04 financial year due to year end audit adjustments to comply with the indicated accounting policy;
- The fact that the Department has to budget ample for compensation of employees, has a negative impact on the budget for goods and services.

Financial Transactions in Assets and Liabilities

(6,479)

The over expenditure is due to thefts and losses that are not budgeted for according to regulation.

Transfers and subsidies

Provinces and municipalities

(5,191)

The over expenditure on provinces and municipalities is mainly due to the payment of RSC Levies that was budgeted under goods and services

Households

(13,397)

The over expenditure on Households is mainly due to the payment of bursaries to non-employees that was budgeted under goods and services

Payments for capital assets

Buildings and other fixed structures

32,343

The underspending is on capital projects in process that are continuing in the 2005/2006 financial year. Application will be made for a roll over.

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
REVENUE			
Annual appropriation	1.	2,757,267	2,592,435
Appropriation for unauthorised expenditure approved		35,911	-
Departmental revenue	2.	10,125	16,978
Local and foreign aid assistance	3.	3,753	2,500
TOTAL REVENUE		2,807,056	2,611,913
EXPENDITURE			
Current expenditure			
Compensation of employees	4.	1,680,574	1,521,015
Goods and services	5.	819,488	780,477
Interest and rent on land	6.	-	426
Financial transactions in assets and liabilities	7.	6,479	9,239
Local and foreign aid assistance	3.	3,243	1,298
Unauthorised expenditure approved	8.	35,911	30,158
Total current expenditure		2,545,695	2,342,613
Transfers and subsidies	10.	111,572	92,102
Expenditure for capital assets			
Buildings and other fixed structures	11.	97,796	105,312
Machinery and Equipment	11.	75,498	33,842
Software and other intangible assets	11.	3,504	-
Total expenditure for capital assets		176,798	139,154
TOTAL EXPENDITURE		2,834,065	2,573,869
NET SURPLUS/(DEFICIT)		(27,009)	38,044
Add back unauthorised expenditure	8.	84,546	11,460
NET SURPLUS/(DEFICIT) FOR THE YEAR		57,537	49,504
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds to be surrendered to the Revenue Fund	17.	46,902	31,324
Departmental revenue to be surrendered to revenue fund	18.	10,125	16,978
Local and foreign aid assistance	3.	510	1,202
NET SURPLUS/(DEFICIT) FOR THE YEAR		57,537	49,504

FREE STATE DEPARTMENT OF HEALTH
VOTE 5
STATEMENT OF FINANCIAL POSITION
as at 31 March 2005

	<i>Note</i>	2004/05 R'000	2003/04 R'000
ASSETS			
Current assets		171,303	127,462
Unauthorised expenditure	8.	152,162	103,527
Fruitless and wasteful expenditure	9.	6	-
Cash and cash equivalents	12.	213	4,925
Other financial assets	13.	28	14
Prepayments and advances	14.	235	962
Receivables	15.	18,659	18,034
Non-current assets		189	217
Investments	16.	189	217
TOTAL ASSETS		171,492	127,679
LIABILITIES			
Current liabilities		163,893	120,488
Voted funds to be surrendered to the Revenue Fund	17.	115,636	105,721
Departmental revenue to be surrendered to the Revenue Fund	18.	4	4
Bank overdraft	19.	38,801	-
Payables	20.	6,880	12,701
Local and foreign aid assistance unutilised	3.	2,572	2,062
Non-current liabilities		189	217
Payables	21.	189	217
TOTAL LIABILITIES		164,082	120,705
NET ASSETS		7,410	6,974
Represented by:			
Recoverable revenue		7,410	6,974
TOTAL		7,410	6,974

FREE STATE DEPARTMENT OF HEALTH
VOTE 5
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
Recoverable revenue			
Opening balance		6,974	6,455
Debts written off	7.6	(101)	(136)
Debts recovered (included in departmental receipts)		(548)	(986)
Debts raised		1,085	1,641
Closing balance		<u>7,410</u>	<u>6,974</u>
TOTAL		<u><u>7,410</u></u>	<u><u>6,974</u></u>

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

CASH FLOW STATEMENT

for the year ended 31 March 2005

	Note	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		2,816,819
Annual appropriated funds received		2,757,267
Appropriation for unauthorised expenditure received	8.	35,911
Departmental revenue received		73,826
Local and foreign aid assistance received	3.	3,753
Net (increase)/decrease in working capital		(53,938)
Surrendered to Revenue Fund		(112,101)
Current payments		(2,461,149)
Transfers and subsidies paid		(111,572)
Net cash flow available from operating activities	22.	131,997
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets		(176,798)
Proceeds from sale of capital assets	2.	1,288
Net cash flows from investing activities		(175,510)
Net increase/(decrease) in cash and cash equivalents		(43,513)
Cash and cash equivalents at beginning of period		4,925
Cash and cash equivalents at end of period		(38,588)

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for Provincial Departments(Equitable Share)

	Final Appropriation R'000	Actual Funds Received R'000	Variance over/(under) R'000	Total Appropriation 2003/04 R'000
All Programmes	2,757,267	2,757,267	-	2,592,435
Total	<u>2,757,267</u>	<u>2,757,267</u>	-	<u>2,592,435</u>

The total amount appropriated above includes own revenue appropriated of R83,220 million (2003/04: R75,798 million).

Orthotic and Prosthetic previously formed part of programme 2, but it is now included in programme 7. Comparatives have been restated accordingly.

	Note	2004/05 R'000	2003/04 R'000
1.2 Conditional grants			
Total grants received	Annexure 1A	<u>736,757</u>	<u>647,144</u>

Included in the grants received is a Provincial Infrastructure grant of R75 million (2003/04: R45 million)

2. Departmental revenue to be surrendered to revenue fund

Description

Sales of goods and services other than capital assets		66,146	68,934
Fines, penalties and forfeits		9	-
Interest, dividends and rent on land		385	699
Sales of capital assets		1,288	3,156
Recoverable revenue received		-	972
Financial transactions in assets and liabilities	2.1	<u>7,286</u>	<u>5,289</u>
Total revenue collected		<u>75,114</u>	<u>79,050</u>
Less: Departmental revenue budgeted	19	<u>64,989</u>	<u>62,072</u>
Departmental revenue collected		<u>10,125</u>	<u>16,978</u>

2.1 Financial transactions in assets and liabilities

Nature of loss recovered

Cheques written back	168	257
Material losses recovered	4,079	5,032
Other	<u>3,039</u>	-
	<u>7,286</u>	<u>5,289</u>

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

3. Local and foreign aid assistance

3.1 Assistance received in cash	Opening			Closing
Name of donor and purpose	Balance	Revenue	Expenditure	balance
Foreign				
Development Corporation Ireland: Support to Primary Health Care Delivery and capacity building for HIV/AIDS prevention in the Free State	2,062	3,371	3,200	2,233
Belgian Government Aid: Support to reduce the burden of Tuberculosis and HIV and AIDS prevention.	-	382	43	339
	<u>2,062</u>	<u>3,753</u>	<u>3,243</u>	<u>2,572</u>

Analysis of balance	Note	2004/05 R'000	2003/04 R'000
Local and foreign aid unutilised		<u>2,572</u>	2,062
Closing balance		<u>2,572</u>	<u>2,062</u>

4. Compensation of employees

4.1 Salaries and wages

Basic salary	1,140,566	1,045,530
Performance award	23,848	8,241
Service Based	3,434	9,249
Compensative/circumstantial	144,916	68,698
Periodic payments	4,411	-
Other non-pensionable allowances	<u>121,640</u>	<u>166,131</u>
	<u>1,438,815</u>	<u>1,297,849</u>

4.2 Social contributions

4.2.1 Short term employee benefits

Pension	166,788	147,095
Medical	74,525	75,727
UIF	1	28
Bargain council	446	316
Insurance	<u>(1)</u>	<u>-</u>
	<u>241,759</u>	<u>223,166</u>

Total compensation of employees	<u><u>1,680,574</u></u>	<u><u>1,521,015</u></u>
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Average number of employees	<u>14,655</u>	<u>14,277</u>
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The total for 2003/04 differ from the appropriation statement, because the appropriation statement was not restated, due to detail not available.

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

5. Goods and services	Note	2004/05 R'000	2003/04 R'000
Advertising		5,301	2,032
Attendance fees (including registration fees)		90	5,123
Bank charges and card fees		446	378
Bursaries (employees)		12,120	19,513
Communication		31,800	27,535
Computer services		8,519	6,007
Consultants, contractors and special services		42,857	219,744
Courier and delivery services		136	766
Drivers licences and permits		313	-
Entertainment		3,329	946
External audit fees	5.1	3,819	2,723
Equipment less than R5 000		12,303	26,842
Freight service		7	-
Government motor transport		-	39,160
Honoraria (Voluntary workers)		18,180	-
Inventory	5.2	429,942	358,236
Legal fees		316	314
Maintenance, repair and running costs		88,095	38,718
Medical services		98,451	767
Operating leases		7,124	10,053
Photographic services		845	-
Printing and publications		92	639
Professional bodies and membership fees		1,519	5
Resettlement costs		1,713	2,001
School & boarding fees		-	106
Subscriptions		221	-
Owned and leasehold property expenditure		16,616	-
Translations and transcriptions		-	1
Transport provided as part of the departmental activities		281	-
Travel and subsistence	5.3	28,438	11,659
Venues and facilities		152	2,204
Protective, special clothing & uniforms		465	4,701
Training & staff development		5,998	304
		819,488	780,477

The total for 2003/04 differ from the appropriation statement, because the appropriation statement was not restated, due to detail not available.

5.1 External audit fees

Regulatory audits	3,819	2,723
Total external audit fees	3,819	2,723

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

5. Goods and services (continued)	Note	2004/05 R'000	2003/04 R'000
5.2 Inventory			
Medpas inventory interface		-	140,988
Strategic stock		1,306	-
Domestic Consumables		39,807	5,725
Agricultural		-	566
Learning and teaching support material		-	40
Food and Food supplies		35,964	10,744
Fuel, oil and gas		3,851	13,109
Laboratory consumables		2,793	-
Other consumables		3,584	6,318
Parts and other maintenance material		9,794	7,647
Stationery and Printing		15,934	12,947
Medical Supplies		316,909	160,152
Total Inventory		429,942	358,236
5.3 Travel and subsistence			
Local		26,667	11,149
Foreign		1,771	510
Total travel and subsistence		28,438	11,659
6. Interest and rent on land			
Rent on land		-	426
Total interest and rent on land		-	426
7. Financial transactions in assets and liabilities			
Material losses through criminal conduct	7.1	651	311
Other material losses written off	7.2	5,417	7,561
Debts written off	7.4	411	1,367
		6,479	9,239

Note: The department deviated from the accounting policy for expenditure on Financial Transactions in Assets and Liabilities. According to the accounting policy debts written-off are limited to the amount of savings and /or under spending available to the department. Although the department overspend the allocated budget, the write-offs were not reversed because: a) This will only postpone the write-off to the next financial year and b) This will create a current asset for the department that will be misleading to the user of the Annual Financial Statements.

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

7. Financial transactions in assets and liabilities (continued)	Note	2004/05 R'000	2003/04 R'000
7.1 Material losses through criminal conduct			
Nature of losses:			
Criminal Behaviour/ Negligence		470	7
Fraudulently Cashed Cheques		181	304
		<u>651</u>	<u>311</u>
7.2 Other material losses written off in Statement of Financial Performance			
Nature of losses:			
Sundry Items		500	54
Nutrition		-	4
Vehicle Accidents/ Own Damage		168	2,255
Claims against the State: Mobile Government Vehicles		11	334
Claims against the State: Other Claims		1,359	4,767
Fruitless and wasteful expenditure		-	147
Stock Shortages		3,374	-
Excess Payments		5	-
		<u>5,417</u>	<u>7,561</u>
7.3 Other material losses of items expensed in previous periods (Total not included above)			
Sundry Items		58	7
Nutrition		-	12
Vehicle Accidents/ Own Damage		176	131
Claims against the State: Mobile Government Vehicles		31	48
Claims against the State: Other Claims		2,547	133
Criminal Behaviour/ Negligence		2	123
Criminal Act: State Personnel		-	2
Fraudulently Cashed Cheques		5	289
		<u>2,819</u>	<u>745</u>
7.4 Bad debts written off			
Nature of debts written off			
Transfer to debts written off			
Staff Debt		411	1,367
		<u>411</u>	<u>1,367</u>

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

7. Financial transactions in assets and liabilities (continued)	Note	2004/05 R'000	2003/04 R'000
7.5 Details of theft and losses			
Per Program			
Program 1		752	1,856
Program 2		937	2,151
Program 3		203	2,464
Program 4		4,297	2,701
Program 5		270	7
Program 6		1	55
Program 7		19	5
		<u>6,479</u>	<u>9,239</u>
7.6 Recoverable revenue debts written off			
Staff debt		<u>(101)</u>	<u>(136)</u>
		<u>(101)</u>	<u>(136)</u>
8. Unauthorised expenditure			
8.1 Reconciliation of unauthorised expenditure			
Opening balance		103,527	122,225
Unauthorised expenditure – current year		84,546	11,460
Unauthorised expenditure approved by Legislature – current expenditure		<u>(35,911)</u>	<u>(30,158)</u>
Unauthorised expenditure awaiting authorisation		<u>152,162</u>	<u>103,527</u>
8.2 Unauthorised expenditure			
Incident	Disciplinary steps taken/criminal proceedings	Total	
2001/ 2002		56,156	
Programme Over-Expenditure			
Programme 1 Health Administration	None	11,511	
Programme 2 District Health Services	None	35,205	
Programme 3 Regional and Specialised Hospitals	None	16,916	
Programme 4 Central Hospital Services	None	12,466	
Programme 5 Health Sciences	None	3,682	
Programme 6 Health Support Services	None	6,534	
Unauthorised expenditure approved - previous years, funded from current year		<u>(30,158)</u>	

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2005

8.2 Unauthorised expenditure (continued)

Incident	Disciplinary steps taken/criminal proceedings	Total
2002/2003		-
Programme Over-Expenditure		
Programme 2 District Health Services	None	10,560
Programme 3 Regional and Specialised Hospitals	None	7,680
Programme 2: Integrated nutrition grant used to defray over expenditure	None	7,625
Capital funds used to defray current expenditure (Programme 1, 2 and 6)	None	10,046
Unauthorised expenditure approved - previous years, funded from current year		(35,911)
2003/2004		11,460
Programme Over-Expenditure		
Programme 3 Emergency Medical Services	None	5,524
Programme 6 Health Sciences	None	1,803
Capital funds used to defray current expenditure (Programme 3 and 5)	None	4,133
2004/2005		84,546
Programme Over-Expenditure		
Programme 2 District Health Services	None	20,773
Programme 3 Regional and Specialised Hospitals	None	2,628
Programme 4 Provincial Hospital Services	None	57,142
Programme 6 Health Sciences	None	3,901
Capital funds used to defray current expenditure (Programme 2 and 3)	None	102
		152,162

9. Fruitless and wasteful expenditure

	Note	2004/05 R'000	2003/04 R'000
9.1 Reconciliation of fruitless and wasteful expenditure			
Transfer to receivables for recovery		6	-
Fruitless and wasteful expenditure awaiting condonement		6	-

Fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	
ACB Penalties	None	6
		6

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

10. Transfers and subsidies	Note	2004/05 R'000	2003/04 R'000
Provinces and municipalities	<i>Annexure 1B & 1C</i>	97,883	92,092
Public corporations and private enterprises	<i>Annexure 1F</i>	21	-
Non-profit institutions	<i>Annexure 1H</i>	59	-
Households	<i>Annexure 1I</i>	13,609	-
Gifts and donations		-	10
		<u>111,572</u>	<u>92,102</u>

The total for 2003/04 differ from the appropriation statement, because the appropriation statement was not restated, due to detail not available.

11. Expenditure for capital assets

Buildings and other fixed structures	<i>Annexure 4</i>	97,796	105,312
Machinery and equipment	<i>Annexure 4</i>	75,498	33,842
Software and other intangible assets	<i>Annexure 5</i>	3,504	-
Total		<u>176,798</u>	<u>139,154</u>

12. Cash and cash equivalents

Consolidated Paymaster General Account	-	4,803
Cash receipts	84	-
Cash on hand	129	122
	<u>213</u>	<u>4,925</u>

13. Other financial assets

Description		
Current		
Irregular Expenditure	28	14
	<u>28</u>	<u>14</u>

Note: Irregular that was treated in accordance with the previous accounting policy is disclosed under this note.

14. Prepayments and advances

Description		
Travel and subsistence	235	962
	<u>235</u>	<u>962</u>

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

15. Receivables					2004/05 R'000	2003/04 R'000
	<i>Note</i>	Less than one year	One to three years	Older than three years	Total	Total
Amounts owing by other entities	<i>Annexure 6</i>	778	1,305	-	2,083	1,859
Staff debtors	<i>15.1</i>	2,939	3,117	8,021	14,077	11,894
Clearing accounts	<i>15.2</i>	-	-	-	-	870
Other debtors	<i>15.3</i>	38	186	2,275	2,499	3,411
		3,755	4,608	10,296	18,659	18,034

Amounts of R3 million(2004: R3 million) included above may not be recoverable, but has not been written off in the Statement of financial performance

15.1 Staff debtors	<i>Note</i>		
Accidents		592	592
Bursary debt		3,593	2,970
Boarding and Lodging		9	-
Breach of Contract		12	-
Damage to state property		-	385
Deduction disallowance		-	37
Debt implementation		-	7
Employee Debt		1,561	168
Ex Employee Debt		6,371	5,133
Fixed Tariffs		16	-
Hospital / Medical debt / Patient fees		87	62
Housing subsidies overpayment		-	37
Medical bursary debt		4,034	3,556
Medical schemes		-	14
Official Societies		-	3
Pension funds		-	1
Private telephone and cellular debt		223	223
Salary disallowance		-	579
Salary write-back control		-	155
State guarantee debt		413	534
Subsidised Transport		38	-
Sundry debt		-	5
Losses and Damages		257	-
Telephone disallowance		-	14
Recoverable Revenue: Interest		(3,129)	(2,581)
		14,077	11,894
15.2 Clearing accounts			
Transfers Ledgers: Dept 77		-	698
ACB rejection account: EFT Payments		-	94
General Suspense		-	78
		-	870

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

15. Receivables (continued)	<i>Note</i>	2004/05 R'000	2003/04 R'000
15.3 Other debtors			
Nature of advances			
Dishonoured cheques		187	147
Poverty alleviation		-	569
Current losses liability not determined:			
Accidents		37	86
Nutrition cases		7	7
Fraudulently cashed cheques		2,268	2,448
Claims against the state		-	154
		<u>2,499</u>	<u>3,411</u>

16. Investments			
Investee	Nature of investment		
(Reflected at cost)			
Phuthuloha District Hospital Corporation for Public Deposits		103	77
Thebe District Hospital Corporation for Public Deposits		52	48
Parys District Hospital Corporation for Public Deposits		34	92
		<u>189</u>	<u>217</u>

17. Voted Funds to be surrendered to the Revenue Fund			
Opening balance		105,721	126,427
Transfer from Statement of Financial Performance		46,902	31,324
Voted funds not requested/not received		-	(10,084)
Paid during the year		<u>(36,987)</u>	<u>(41,946)</u>
Closing balance		<u>115,636</u>	<u>105,721</u>

18. Departmental revenue to be surrendered to revenue fund			
Opening balance		4	-
Transfer from Statement of Financial Performance		10,125	16,978
Departmental revenue budgeted	3	64,989	62,072
Paid during the year		<u>(75,114)</u>	<u>(79,046)</u>
Closing balance		<u>4</u>	<u>4</u>

19. Bank overdraft			
Paymaster General Account		38,801	-
		<u>38,801</u>	<u>-</u>

FREE STATE DEPARTMENT OF HEALTH

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

20. Payables – current

Description	Note	30 Days	30+ Days	2004/05 Total	2003/04 Total
Advances received	20.1	-	75	75	-
Clearing accounts	20.2	919	-	919	10,035
Other payables	20.3	3,071	2,815	5,886	2,666
		<u>3,990</u>	<u>2,890</u>	<u>6,880</u>	<u>12,701</u>

20.1 Advances received

Advance from Trust Fund	<u>75</u>	-
	<u>75</u>	-

20.2 Clearing accounts

Description		
Salary reversal ACB & Tax	69	98
General Deposit	-	6,352
Telephone control accounts	1	-
Salary deduction control accounts	849	764
Transfer debt: Dept 77	-	2,821
	<u>919</u>	<u>10,035</u>

20.3 Other payables

Description		
Redemption of state guarantees	2,060	2,404
Other payables	-	262
Revenue collected on behalf of Netcare (PPP)	3,826	-
	<u>5,886</u>	<u>2,666</u>

21. Payables – Non-current

Description		One to two years	Two to three years	More than three years	Total	Total
Other payables	21.2	-	-	189	189	217
		<u>-</u>	<u>-</u>	<u>189</u>	<u>189</u>	<u>217</u>

21.2 Other payables

Description		
Provisions - Trust Fund Capital	189	217
	<u>189</u>	<u>217</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

22. Reconciliation of net cash flow from operating activities to surplus/(deficit)	2004/05
	R'000
Net surplus/(deficit) as per Statement of Financial Performance	57,537
Non-cash movements:	
(Increase)/decrease in receivables – current	(625)
(Increase)/decrease in prepayments and advances	727
(Increase)/decrease in other current assets	(48,655)
(Increase)/decrease in other non-current assets	28
Increase/(decrease) in payables – current	(5,821)
Increase/(decrease) in non-current liabilities	(28)
Increase/(decrease) Recoverable Revenue	436
Departmental Revenue Budgeted	64,989
Proceeds from sale of equipment	(1,288)
Surrenders	(112,101)
Capital expenditure	176,798
Net cash flow generated by operating activities	131,997

23. Appropriated funds and departmental revenue surrendered

	2003/04	
	R'000	
Appropriated funds surrendered	36,987	41,946
Departmental revenue surrendered	75,114	79,046
	<u>112,101</u>	<u>120,992</u>

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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

These amounts are not recognised in the financial statements and are disclosed to enhance the usefulness of the financial statements.

			2004/05 R'000	2003/04 R'000
	<i>Note</i>			
24. Contingent liabilities				
Liable to	Nature			
Housing loan guarantees	Employees	<i>Annexure 3</i>	30,034	59,098
Claims			48,327	50,447
Other departments (unconfirmed balances)		<i>Annexure 7</i>	8	4,657
Capped Leave Commitments			104,176	98,635
			<u>182,545</u>	<u>212,837</u>

Note: Comparative figures for Housing loan guarantees have been restated to be comparable.

25. Commitments				
Current expenditure				
Approved and contracted			20,362	21,609
			<u>20,362</u>	<u>21,609</u>
Capital expenditure				
Approved and contracted			2,439	-
			<u>2,439</u>	<u>-</u>
Total Commitments			<u>22,801</u>	<u>21,609</u>

Note: These amounts are for Corporate Office only.

26. Accruals					
By economic classification	30 Days	30+ Days	Total	Total	
Goods and services	44,433	16,340	60,773	64,124	
Transfers and subsidies	425	226	651	1,396	
Machinery and Equipment	3,412	1,637	5,049	29,549	
			<u>66,473</u>	<u>95,069</u>	

FREE STATE DEPARTMENT OF HEALTH

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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

26. Accruals (continued)		2004/05 R'000	2003/04 R'000
	<i>Note</i>		
Listed by programme level			
Health Administration		5,919	18,158
District Health Services		32,703	24,172
Emergency Medical Services		541	4,502
Regional and Specialised Services		11,002	13,102
Central Hospital Services		15,433	27,620
Health Sciences		623	3,608
Health Support Services		252	2,587
Health Facilities and Capital Stock		-	1,320
		<u>66,473</u>	<u>95,069</u>
Confirmed balances with other departments	<i>Annexure 7</i>	<u>539</u>	<u>57</u>
		<u>539</u>	<u>57</u>

Note: Comparative figures for Accruals have been restated with amounts payable to other departments, to be comparable with the current financial year.

27. Employee benefits

Leave entitlement	55,874	50,802
Thirteenth cheque	51,033	46,127
	<u>106,907</u>	<u>96,929</u>

Note: Comparative figures for leave entitlement have been restated to be comparable with the current year

28. Leases

28.1 Operating leases	Machinery and equipment	Total	Total
Not later than 1 year	2,562	2,562	2,755
Later than 1 year and not later than 3 years	1,897	1,897	2,802
Later than three years	44	44	558
Total present value of lease liabilities	<u>4,503</u>	<u>4,503</u>	<u>6,115</u>

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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

29. Receivables for service delivered		2004/05	2003/04
Nature of service	Note	R'000	R'000
Patient Fees		147,659	120,250
Ambulance Fees		2,939	2,611
		<u>150,598</u>	<u>122,861</u>

An amount of R34.456 million (2003/04: R60.027 million) has been written-off during the year.
Amounts of R79.173 million (2003/04: R33.025 million) included above may not be recoverable

Note: Comparative figures for Ambulance Fees have been restated to be comparable.

30. Irregular expenditure

30.1 Reconciliation of irregular expenditure

Opening Balance	23,596	20,034
Irregular expenditure – current year	18,760	3,943
Transferred to Statement of Financial Performance - authorised losses (Condoned)	(4,067)	(381)
Irregular expenditure awaiting condonement	<u>38,289</u>	<u>23,596</u>
Analysis		
Current	18,636	3,943
Prior years	<u>19,653</u>	<u>19,653</u>
	<u>38,289</u>	<u>23,596</u>

30.2 Irregular expenditure

Incident	Disciplinary steps taken/criminal proceedings		
Non compliance with prescripts	None	-	6
Over-expenditure on transfer payments	None	18,636	3,937
Over-expenditure on personnel	None	19,653	19,653
		<u>38,289</u>	<u>23,596</u>

31. Related party transactions

The following related parties exist:

Central Medical Trading Account

The Central Medical Trading Account provides medicines and medical consumables to the department at cost plus a 7% levy. A 5% levy is charged for direct deliveries. The capital of the Medical Trading Account is only augmented when the need arise through the budget voted for the Free State Department of Health. Total sales to the Department amounted to R223, 052 million of which R25, 412 million was payable to the Central Medical Trading Account at year-end.

FREE STATE DEPARTMENT OF HEALTH

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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

32 Senior management personnel		2004/05 R'000	2003/04 R'000
	Number of officials		
32.1 Remuneration			
The Member of Executive Council and Director General	2	1,336	1,484
Deputy Director Generals	2	1,314	1,222
Chief Financial Officer	1	611	611
		<u>3,261</u>	<u>3,317</u>

32.2 Detail of Remuneration	Basic Salary	Pension	Medical	Flexible Portion	Total
The Member of Executive Council and Director General	812	132	36	356	1,336
Deputy Director Generals	781	112	40	381	1,314
Chief Financial Officer	367	-	-	244	611
	<u>1,960</u>	<u>244</u>	<u>76</u>	<u>981</u>	<u>3,261</u>

33. Public Private Partnership

A PPP agreement was signed with the Community Health Management (CHM) on 25 November 2002, through which private health facilities are developed at Universitas and Pelonomi hospitals in partnership with the department. This implies that a public health facility is used by the private sector in exchange for financial and other benefits.

The concession agreement is a very tightly negotiated contract that has clauses indicating the amounts, timing and procedures for determining the future cash flows. The Service Level Agreement is meant to ensure the Health Department (HD) complies with the provisions as outlined and the Code of conduct ensures that the two parties operate in a spirit that is not harmful to each other.

In terms of the agreement, Community Health Management has the right to use certain under-utilised resources at Pelonomi and Universitas Hospital. These resources are general beds, intensive care unit beds and operating theatres.

In terms of the agreement, Community Health Management has to upgrade Pelonomi and Universitas Hospitals.

The Provincial Government shall be entitled to terminate the aforementioned agreement at any time on 6 months written notice to Community Health Management.

The monitoring of the concession agreement is to be managed by a Liaison Committee that has joint representation. The health department has appointed a Project Manager who will ensure that the spirit and letter of the agreement is implemented.

At the end of the Concession Period of 15 years, the HD will receive back from CHM the upgraded facilities that had been used by CHM during the concession. It is a clear condition of the contract that these are to be handed back in good condition, fair wear and tear accepted. Assuming that the upgraded building will have a useful life of 25 years, this means there will be a remaining 10 years life for the HD to benefit from.

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION				SPENT			2003/04	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Amount received by department R'000	Amount spent by department R'000	% of Available funds spent by department %	Division of Revenue Act R'000	Amount spent by departments R'000
National Department of Health: Health Professions Training and Development	93,643	-	-	93,643	93,643	93,643	100.0%	90,061	90,061
HIV/AIDS Health	69,969	-	-	69,969	69,969	69,070	98.7%	30,144	30,144
Hospital Management and Quality Improvement	13,055	-	-	13,055	13,055	13,076	100.2%	12,730	12,730
Hospital Revitalisation	52,370	-	-	52,370	52,370	47,436	90.6%	50,356	50,356
Integrated Nutrition Programme	6,636	-	-	6,636	6,636	6,234	93.9%	47,817	47,831
National Tertiary Services	384,165	-	-	384,165	384,165	384,148	100.0%	336,501	336,504
Infrastructure	39,019	-	-	39,019	39,019	24,133	61.8%	28,390	28,390
Infrastructure: Flood Relief	-	-	-	-	-	-	0.0%	5,145	5,145
Medico Legal	-	1,000	-	1,000	1,000	132	13.2%	1,000	-
Drought Relief	-	1,900	-	1,900	1,900	1,900	100.0%	-	-
Provincial Infrastructure Grant	75,000	-	-	75,000	75,000	75,000	100.0%	45,000	45,000
	733,857	2,900	-	736,757	736,757	714,772		647,144	646,161

FREE STATE DEPARTMENT OF HEALTH

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2005

ANNEXURE 1C

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2003/04
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %	
Primary Health Care and Environmental Health Transfers:										
Xhariep:	8,033	-	(154)	7,879	10,027	127.3%	10,027	10,027	100%	10,703
Kopanong	-	-	-	-	4,943	-	4,943	4,943	100%	-
Letsemeng	-	-	-	-	3,195	-	3,195	3,195	100%	-
Mohokare	-	-	-	-	1,889	-	1,889	1,889	100%	-
Motho:	16,038	-	(66)	15,972	17,474	109.4%	17,474	17,474	100%	13,015
Mangaung	-	-	-	-	13,676	-	13,676	13,676	100%	-
Mantsopa	-	-	-	-	2,751	-	2,751	2,751	100%	-
Naledi	-	-	-	-	1,047	-	1,047	1,047	100%	-

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

ANNEXURE 1C (continued)

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2003/04 Division of Revenue Act R'000
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %	
Primary Health Care and Environmental Health Transfers:										
Lejweleputswa:	27,488	-	3	27,491	26,447	96.2%	26,447	26,447	100%	23,200
Masilonyana	-	-	-	-	3,111	-	3,111	3,111	100%	-
Tokologo	-	-	-	-	2,853	-	2,853	2,853	100%	-
Tswelopele	-	-	-	-	2,140	-	2,140	2,140	100%	-
Mathjabeng	-	-	-	-	15,389	-	15,389	15,389	100%	-
Nala	-	-	-	-	2,954	-	2,954	2,954	100%	-
Thabo Mofutsanyan a:	23,535	-	(26)	23,509	17,797	75.7%	17,797	17,797	100%	14,435
Setso	-	-	-	-	6,697	-	6,697	6,697	100%	-
Dihlabeng	-	-	-	-	4,841	-	4,841	4,841	100%	-
Nketoana	-	-	-	-	2,014	-	2,014	2,014	100%	-

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2005

ANNEXURE 1C (continued)

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER		SPENT		2003/04		
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %	Division of Revenue Act R'000
Maluti	-	-	-	-	2,602	-	2,602	2,602	100%	-
Phumelela	-	-	-	-	1,643	-	1,643	1,643	100%	-
Northern Free State:	14,790	-	2	14,792	19,989	135.13%	19,989	19,989	100%	14,675
Moqhaka	-	-	-	-	6,002	-	6,002	6,002	100%	-
Ngwathe	-	-	-	-	6,069	-	6,069	6,069	100%	-
Metsimaholo	-	-	-	-	3,271	-	3,271	3,271	100%	-
Mafube	-	-	-	-	4,472	-	4,472	4,472	100%	-
Northern Free State District Council	-	-	-	-	175	-	175	175	100%	-
RSCL:	-	-	-	-	-	-	-	-	-	-
Xhariep	-	-	-	-	5,307	-100%	-	-	-	-
Motheo	-	-	-	-	49	-100%	-	-	-	-
Lejweleputswa	-	-	-	-	3,405	-100%	-	-	-	-
Thabo Mofutsanyana	-	-	-	-	461	-100%	-	-	-	-
Northern Free State	-	-	-	-	886	-100%	-	-	-	-
	-	-	-	-	506	-100%	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Claims against the state	2,115	-	(2)	2,113	773	36.6%	-	-	-	-
Provincial Departments										
Other	935	-	-	935	69	7.4%	-	-	-	7,027
	92,934	-	(243)	92,691	97,883		91,734	91,734		83,055

Note: The abovementioned transfers is not conditional grant payments to municipalities. The budget for Primary Health Care transfers was not allocated per municipality, but per district.

FREE STATE DEPARTMENT OF HEALTH

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

ANNEXURE 1D

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2003/04
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	
Transport, Education and Training Authority	-	-	31	31	-	0.0%	-
	-	-	31	31	-	-	-

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

ANNEXURE 1F

STATEMENT OF TRANSFERS TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION /PRIVATE ENTERPRISE	TRANSFER ALLOCATION					EXPENDITURE				2003/04
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Capital R'000	Current R'000	Total Available R'000	
Private Enterprises	-	-	-	-	21	-100%	-	21	-	
Fines and Penalties	-	-	-	-	21		-	21	-	
TOTAL	-	-	-	-	21		-	21	-	

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

ANNEXURE 1H

STATEMENT OF TRANSFERS/SUBSIDIES TO NON-PROFIT INSTITUTIONS

NON PROFIT ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2003/04 Final Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Transferred %	
Transfers							
Payment made as an act of Grace	-	-	-	-	59	-100%	-
TOTAL	-	-	-	-	59		-

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2005

ANNEXURE 1I

STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2003/04
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Transferred %	
Transfers							
Leave Gratuity, Retirement and Severance Packages	-	-	212	212	6,921	3.1%	-
Bursaries to non-employees	-	-	-	-	6,688	-100%	-
TOTAL	-	-	212	212	13,609		-

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2005

ANNEXURE 1J

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2005

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05 R'000	2003/04 R'000
Received in kind University of the Free State Dept. Pediatric & Child Health Other donations received	Medical Equipment and Furniture for use by Universitas Hospital	5,208	8,834
	Equipment for use by Universitas Hospital	-	1,589
	Other	276	152
		5,484	10,575

FREE STATE DEPARTMENT OF HEALTH
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2005

ANNEXURE 1K

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE
FOR THE YEAR ENDED 31 MARCH 2005

NATURE OF GIFT, DONATION OR SPONSORSHIP	R'000
Made in kind	
Redundant and obsolete equipment – Central University of Technology - Free State, Tshepang Health Care Centre and The Good News Ark Community Help Centre	-
TOTAL	-

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2005

ANNEXURE 3

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 - LOCAL

Guarantor institution	Guarantee in respect of Housing	Original Guaranteed capital amount R'000	Opening Balance 01/04/2004 R'000	Guarantees issued during the year R'000	Guarantees Released during the year R'000	Guaranteed inserts outstanding as at 31/03/2005 R'000	Closing Balance 31/03/2005 R'000	Realised in respect of losses i.r.o claims paid out R'000
Standard Bank		3,901	3,612	289	2,067	-	1,834	-
Nedbank		1,028	765	262	54	-	973	-
First Rand - FNB		4,780	4,636	144	492	-	4,288	-
BOE Bank		47	49	-	2	-	47	-
ABSA		33,039	32,263	776	27,437	-	5,602	-
Company Unique Finance (Pty) Ltd		946	946	-	80	-	866	-
Peoples Bank		3,361	3,319	43	328	-	3,034	-
Old Mutual Bank		8,441	8,184	257	553	-	7,888	-
Free State Development Corporation		2,195	1,814	381	64	-	2,131	-
GBS Mutual		74	74	-	23	-	51	-
Hlano Financial Services		52	52	-	-	-	52	-
Northwest Housing		9	9	-	-	-	9	-
FNB		3,486	3,356	130	246	-	3,240	-
Green Start Home Loans		19	19	-	-	-	19	-
TOTAL		61,378	59,098	2,282	31,346		30,034	

Note: The opening balances have been restated.

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2005

ANNEXURE 4

PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2005

	Additions R'000	Disposals R'000	Transfer in	Transfer out
BUILDINGS AND OTHER FIXED STRUCTURES	97,796	-	-	-
Capital work in progress	97,796	-	-	-
MACHINERY AND EQUIPMENT	75,498	176	-	-
Computer equipment	15,889	-	-	-
Furniture and office equipment	8,249	-	-	-
Other machinery and equipment	41,979	-	-	-
Transport assets	9,381	176	-	-
	173,294	176	-	-

PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2004

	Additions R'000	Disposals R'000	Transfer in	Transfer out
BUILDINGS AND OTHER FIXED STRUCTURES	105,312	-	-	-
Capital work in progress	105,312	-	-	-
MACHINERY AND EQUIPMENT	33,842	541	-	-
Computer equipment	9,061	-	-	-
Furniture and office equipment	1,091	-	-	-
Other machinery and equipment	13,010	-	-	-
Transport assets	10,680	541	-	-
	139,154	541	-	-

FREE STATE DEPARTMENT OF HEALTH

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

ANNEXURE 5

SOFTWARE AND OTHER INTANGIBLE ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2005

	Opening Balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000	Transfer in	Transfer out
Computer software	-	3,504	-	3,504	-	-
	-	3,504	-	3,504	-	-

ANNEXURE 6

INTER-GOVERNMENTAL RECEIVABLES

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005 R'000	31/03/2004 R'000	31/03/2005 R'000	31/03/2004 R'000
Department				
Agriculture: Free State	1	-	-	21
Correctional Services	-	-	-	28
Education: Free State	16	-	60	33
Education: Western Cape	-	-	-	2
Health: KZN	-	-	273	15
Health: Limpopo	-	-	2	2
Health: National	-	-	85	78
Health: Northern Cape	1	-	83	18
Health: Western Cape	(3)	-	108	47
Land Affairs: National	-	-	-	8
Medpas: Free State	6	6	-	-
Communication: National	-	-	2	2
Justice: National	-	-	-	1
Provincial Administration: National	(10)	-	-	42
Provincial Government: Eastern Cape	1	-	21	539
Provincial Government: Gauteng	-	-	-	424
Provincial Government: KZN	-	-	39	190
Provincial Government: North West	-	-	-	104
Provincial Government: Western Cape	-	-	-	13
Provincial Treasury: Free State	2	-	-	25
Public Works, Roads, Transport: Free State	-	3	8	6
Public Works, Roads, Transport: National	-	-	9	9
SA Defence Force	-	-	-	153
SA Police Service	-	-	3	3
Social Development: Free State	17	-	9	-

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2005

ANNEXURE 6 (continued)

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005 R'000	31/03/2004 R'000	31/03/2005 R'000	31/03/2004 R'000
Sports, Arts, Culture: Free State	-	-	3	21
Tourism: Free State	24	-	-	7
Health: Mpumalanga	-	-	15	6
Treasury: National	-	-	-	72
Safety Liaison: Eastern Cape	-	-	23	-
Sports, Arts, Culture: Eastern Cape	-	-	2	-
Health: Eastern Cape	(5)	-	63	-
Labour: Free State	-	-	38	-
Local Government & Housing: Free State	-	-	5	-
Premier - Free State	3	-	-	-
Safety & Security: Free State	-	-	80	-
Communication: Gauteng	-	-	2	-
Defence: Gauteng	-	-	11	-
Health : Gauteng	92	-	172	-
Local Government: Gauteng	-	-	11	-
Government Employees Pension Fund	1	-	73	-
Local Government & Housing: Limpopo	-	-	267	-
Safety & Security: Northern Cape	-	-	19	-
Home Affairs: National	-	-	8	-
Defence: National	90	-	24	-
CIPRO: National	-	-	3	-
Prosecuting Authority: National	-	-	1	-
Agriculture: North West	-	-	4	-
Health: North West	23	-	66	-
Incorrectly allocated to Claims	224	-	8	-
Journals incorrectly duplicated	-	-	-	(40)
	483	9	1,600	1,829
Other Government Entities				
Global Health	-	-	-	1
Hosmed Medical Aid	-	-	-	7
National Health Laboratory Services:	-	-	-	4
Gauteng	-	-	-	9
Visimed	-	-	-	21
TOTAL	483	9	1,600	1,850

FREE STATE DEPARTMENT OF HEALTH

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

ANNEXURE 7

INTER-DEPARTMENTAL PAYABLES - CURRENT

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005 R'000	31/03/2004 R'000	31/03/2005 R'000	31/03/2004 R'000
Department				
Amounts not included in Statement of financial position				
Current				
Provincial Treasury	-	20	-	-
Health: Western Cape	-	-	-	3
Department of Labour	18	18	-	-
SA Management Development Institute	-	19	-	-
Public Works	-	-	1	-
Government Garage	-	-	-	4,654
Office of the Premier	521	-	7	-
TOTAL	539	57	8	4,657

CENTRAL MEDICAL TRADING ACCOUNT ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

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**REPORT OF THE AUDITOR-GENERAL TO THE
FREE STATE LEGISLATURE ON THE FINANCIAL STATEMENTS
OF THE CENTRAL MEDICAL TRADING ACCOUNT
for the year ended 31 March 2005**



AUDITOR-GENERAL

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 225 to 236, for the year ended 31 March 2005 have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

I believe that the audit provides a reasonable basis for my opinion.

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Central Medical Trading Account at 31 March 2005 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

4.1 Financial management

4.1.1 Reconciliation and monitoring:

Management policies and procedures were not adequately followed to investigate and explain stock value variances.

4.1.2 Control over stock:

The prescribed procedures for medicine stock were not always complied with, resulting in the following:

- Minimum stock levels were not maintained and various out of stock incidents occurred.
- The control over pharmaceutical stock was not always satisfactory, as theoretical stock was not always reconciled to actual stock on hand and bin cards.

4.2 Non-compliance with laws and regulations

- (a) The surplus of the 2003- 04 financial year amounting to R7 072 000 was not surrendered to Treasury as required by Treasury Regulation 19.7.1.
- (b) Purchase payments were not processed within the 30 day period after receipt of the invoice as required by Treasury Regulation 8.2.3.

5. APPRECIATION

The assistance rendered by the staff of the Central Medical Depot during the audit is sincerely appreciated.



B.J.K. van Niekerk *for* Auditor-General

Bloemfontein

31 July 2005



CENTRAL MEDICAL TRADING ACCOUNT
BALANCE SHEET
as at 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
ASSETS			
Current assets		72,167	73,815
Inventory	2	31,613	18,956
Trade receivables	3	25,412	30,208
Staff debtors and other receivables	4	19	28
Cash and cash equivalents	5	15,123	24,623
Total assets		72,167	73,815
EQUITY AND LIABILITIES			
Capital			
Capital fund		18,000	18,000
Current liabilities		54,167	55,815
Trade payables		12,198	15,141
Other payables	6	8,974	7,679
Exchequer account	5	32,995	32,995
Total equity and liabilities		72,167	73,815

CENTRAL MEDICAL TRADING ACCOUNT
INCOME STATEMENT
for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
Sales		223,052	237,112
Cost of sales		<u>210,559</u>	<u>221,258</u>
Gross profit		12,493	15,854
Other income	7	630	649
Administrative expenses	8	8,578	6,675
Other operating expenses	9	<u>5,173</u>	<u>5,256</u>
Operating profit		(628)	4,572
Finance income	10	<u>1,382</u>	<u>2,500</u>
Net profit		754	7,072
To be transferred to revenue fund		<u>(754)</u>	<u>(7,072)</u>
Net profit for the year		<u><u>-</u></u>	<u><u>-</u></u>

CENTRAL MEDICAL TRADING ACCOUNT
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2005

	Capital Fund
	R '000
Balance at 1 April 2003	15,929
Increase in capital	2,071
Balance at 31 March 2004	<u>18,000</u>
Balance at 1 April 2004	18,000
Increase in capital	-
Balance at 31 March 2005	<u>18,000</u>

CENTRAL MEDICAL TRADING ACCOUNT
CASH FLOW STATEMENT
for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
Cash flows from operating activities		(9,500)	(2,633)
Net cash/(cash deficit) generated from operating activities	11	(10,882)	(5,133)
Cash receipts from customers		227,848	226,050
Cash paid to suppliers and employees		(238,730)	220,917
Interest received		1,382	2,500
Net (decrease)/increase in cash and cash equivalents		(9,500)	(2,633)
Cash and cash equivalents at the beginning of the year		(8,372)	(5,739)
Cash and cash equivalents at the end of the year	5	(17,872)	(8,372)

CENTRAL MEDICAL TRADING ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

1. Accounting policies

The principal accounting policies adopted in the preparation of these annual financial statements, which are consistent with those of the previous year, are set out below:

1.1 Basis of preparation

The financial statements are prepared in accordance with, and comply in all material respects with, applicable South African Statements of Generally Accepted Accounting Practice, except for the departure from the following statements in order to achieve fair presentation of the enterprise's financial position, financial performance and cash flows:

- AC 130 - Provisions, contingent liabilities and contingent assets
- AC 123 - Property, plant and equipment
- AC 111 - Income

The financial statements are prepared under the historical cost convention. Although there was a departure from the abovementioned South African Statements of Generally Accepted Accounting Practice, management has concluded that the financial statements fairly present the enterprise's financial position, financial performance and cash flow information.

1.2 Inventory

Inventory is stated at the lower of cost and net realisable value, making provision for obsolescence or saleability. Cost is determined by the weighed average method. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

1.3 Trade receivables

Trade receivables are carried at original invoice amount. The Central Medical Trading Account is part of the Free State Department of Health (FSDOH) and the FSDOH is up to date the only client of the Central Medical Trading Account. As the FSDOH account for all transactions on a cash basis no provision for the impairment of trade receivables has been made.

1.4 Cash and cash equivalents

Cash is carried in the balance sheet at cost. For the purposes of the cash flow statement cash and cash equivalents comprise of cash on hand and a current deposit held with ABSA Bank.

1.5 Trade payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

1.6 Provisions

The Central Medical Trading Account is part of the Free State Department of Health (FSDOH). As the FSDOH account for all transactions on a cash basis no provision for future expenditure or leave pay has been made.

CENTRAL MEDICAL TRADING ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

1.7 Revenue recognition

Revenue comprises the invoiced value of sale of goods net of discounts. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is expensed in the income statement in the reporting period that the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation, are deferred until they can be reliably measured and then expensed.

Termination benefits

Termination benefits are recognised and expensed only when the payment is made.

Retirement benefits

The Central Medical Trading Account provides retirement benefits for its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the financial statements. Any potential liabilities are disclosed in the financial statements of the Provincial Revenue Fund and not in the financial statements of the employer.

Medical benefits

The Central Medical Trading Account provides medical benefits for its employees through defined benefit plans. These benefits are funded by employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements.

Post retirement medical benefits for retired civil servants are expensed when the payment is made to the fund.

1.9 Financial instruments

Financial instruments carried on the balance sheet include cash, receivables and trade creditors. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial risk factors:

Interest rate risk:

The Central Medical Trading Account is not subject to interest rate risks due to the fact that no interest is paid on the bridging finance received from Treasury and no interest is levied or paid on any other outstanding debt.

CENTRAL MEDICAL TRADING ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

Credit risk:

The Free State Department of Health is the only client of the Central Medical Trading Account. The credit risk is limited by the budget policy of the Department of Health. Payments are made regularly within 30 days.

Liquidity Risk:

The Central Medical Trading Account is not subject to liquidity risk due to the fact that the Free State Department of Health is the only client of the Central Medical Trading Account and all payments from the FSDOH are received regularly within 30 days. Therefore sufficient cash flow is available for the payment of creditors.

1.10 Capital Fund

The capital fund is a fixed fund, which is only augmented from the Vote as the need arises.

	Note	2004/05 R'000	2003/04 R'000
2. Inventory			
Medical inventory		25,993	14,500
Hospital stationery		513	685
Consumables		5,107	3,771
		<u>31,613</u>	<u>18,956</u>
3. Trade receivables			
Trade receivables - Free State Department of Health		25,412	28,113
Other trade receivables		-	24
Bridging capital receivable - Free State Department of Health		-	2,071
		<u>25,412</u>	<u>30,208</u>
4. Staff debtors and other receivables			
Income tax		11	11
Staff debtors		2	7
Salary debt		2	-
Fruitless Expenditure		4	-
S&T advance		-	10
		<u>19</u>	<u>28</u>

CENTRAL MEDICAL TRADING ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
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5. Cash and cash equivalents

ABSA current account		15,122	24,621
Cash on hand		1	2
		<u>15,123</u>	<u>24,623</u>

For the purpose of the cash flow statement, the year-end cash and cash equivalents comprise of the following:

Cash and cash equivalents

ABSA current account		15,122	24,621
Cash on hand		1	2
Exchequer account		(32,995)	(32,995)
		<u>(17,872)</u>	<u>(8,372)</u>

Bridging finance was made available to the Central Medical Trading Account. The above resulted into an amount owed to Treasury, which is reflected in the Exchequer account. The amount will be paid back in the following financial year.

6. Other payables

Staff salaries and benefits	7	-
Recoverable revenue	9	-
Sundry creditors	1,133	607
Net profit to be transferred to revenue fund	7,826	7,072
	<u>8,974</u>	<u>7,679</u>

7. Other income

Stock surplus	593	466
Sundries	16	10
Profit on sale of fixed assets	9	164
Commission received	12	9
	<u>630</u>	<u>649</u>

8. Administrative expenses

Staff costs	6,750	6,097
Administrative costs	1,829	578
	<u>8,578</u>	<u>6,675</u>

Average number of persons employed	76	76
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CENTRAL MEDICAL TRADING ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
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9. Other operating expenses

Consumables		1,131	452
Equipment		102	586
Land and buildings		-	770
Professional services		3,340	3,150
Stock shortages written off		600	298
		<u>5,173</u>	<u>5,256</u>

10. Finance income

Interest received		1,382	2,500
		<u>1,382</u>	<u>2,500</u>

11. Cash / (cash deficit) generated from operations

Net profit		-	-
Adjusted for:		(1,375)	(2,668)
Interest received		(1,382)	(2,500)
Stock deficits		600	298
Stock surpluses		(593)	(466)
Changes in working capital		(9,507)	(2,465)
Decrease/(increase) in inventories		(12,664)	(4,692)
Decrease/(increase) in trade receivables		4,796	(9,963)
Decrease/(increase) in other receivables		9	972
Increase/(decrease) in trade payables		(2,943)	6,548
Increase/(decrease) in other payables		1,295	4,670
		<u>(10,882)</u>	<u>(5,133)</u>

12. Deviation from GAAP

12.1 Provisions

The Central Medical Trading Account is part of the Free State Department of Health (FSDOH). As the FSDOH account for all transactions on a cash basis, no provision for leave pay has been made. The FSDOH is moving towards the accrual basis of accounting. The leave liability for the Central Medical Trading Account as at 31 March 2005 amounted to R822 265 (2003/2004 R 982 679). If this amount were provided in the financial statements, the net effect on the profit amount paid over to the Revenue Fund would have been a decrease of R 822 265 for the current period. Liabilities are understated with R 822 265.

CENTRAL MEDICAL TRADING ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

The Service Bonus liability for the Central Medical Trading Account as at 31 March 2005 amounted to R224 051 (2003/2004 R0). If this amount were provided in the financial statements, the net effect on the profit amount paid over to the Revenue Fund would have been a decrease of R 224 051 for the current period. Liabilities are understated with R 224 051.

12.2 Assets

All assets purchased by the Free State Department of Health for MEDPAS are written off in the year of purchase. As the Free State Department of Health account for all transactions on a cash basis, no provision for depreciation on assets are made.

If assets were capitalised and depreciated on the straight-line method against applicable rates (assets purchased from the 1999/2000 financial year until 31 March 2005), the effect on the financial statements would have been as follows:

Effect on the Income Statement:	Note	2004/05 R'000	2003/04 R'000
Cost written off to be added back		61	284
Depreciation charge to be recognised		(264)	(289)
Increase in profit and amount payable to the Revenue Fund		(203)	(5)

Effect on the Balance Sheet:	Note	2004/05 R'000	2003/04 R'000
Assets at cost		1,485	1,425
Accumulated depreciation		(893)	(628)
Book value		592	797

12.3 Income recognition

Inventory amounting to R0 was still on hand at year-end although the sale of this inventory was already recognised in the 2004/2005 financial year.

The system recognises the sale of inventory as soon as the issue voucher is generated. This date however differs from the dispatch date of the inventory. AC 111 requires that the sale of goods should only be recognised when the enterprise has transferred all material risks and rewards of ownership of the goods to the buyer.

As the sale of the inventory has not been treated according to the requirements of AC 111, the impact on the financial statements is as follows:

CENTRAL MEDICAL TRADING ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

Effect on the Income Statement:	Note	2004/05 R'000	2003/04 R'000
Sales - Overstated		-	(2,084)
Cost of Sales - Overstated		-	1,929
Profit and amount payable to the Revenue Fund - Overstated		-	(155)

Effect on the Balance Sheet:	Note	2004/05 R'000	2003/04 R'000
Accounts receivable - Overstated		-	(2,084)
Inventory - Understated		-	1,929
Net effect		-	(155)

12.4 Contingent Liabilities

Housing loan guarantees to the amount of R48 172 have not been disclosed as a contingent liability.

13. Comparative Figures

Where necessary comparative figures have been adjusted to be consistent with the current year disclosure.

CENTRAL MEDICAL TRADING ACCOUNT

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

1. General information on the Medical Trading Account

The aim of the Central Medical Trading Account is to provide medicines and medical consumables for the needs of provincial and state dependent institutions.

The impact of the financial performance of the trading entity on the finances of the Free State Department of Health is through the capital of the Central Medical Trading Account. This is a fixed fund, which is only augmented through the budget of the Free State Department of Health as the need arises. A provision is made annually in the budget of the department for the augmentation of the Central Medical Trading Account capital fund.

In terms of treasury regulations any surplus or deficit must be declared to the relevant treasury who may apply such surplus to reduce any proposed allocation to the trading entity or require that all or part of it be re-deposited in the Exchequer bank account. In the event of a trading entity incurring a deficit the accounting officer of the department controlling the trading entity must disclose the financial impact of such a deficit on the department in its annual report.

TRUST FUNDS
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

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**REPORT OF THE AUDITOR-GENERAL TO THE
FREE STATE LEGISLATURE ON THE FINANCIAL STATEMENTS
OF THE FREE STATE DEPARTMENT OF HEALTH TRUST FUNDS
for the year ended 31 March 2005**

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 240 to 243, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

I believe that the audit provides a reasonable basis for my opinion.

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Free State Department of Health Trust Funds at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

4. EMPHASIS OF MATTER

Without further qualifying the audit opinion above, attention is drawn to the following matters:

4.1 Matters not affecting the financial statements: Trust deed

No trust deed could be submitted for audit purposes.

4.2 Non-compliance with laws and regulations: Bank account

Trust funds amounting to R 231 999 (2004: R236 087) were not kept in a separate bank account as required in terms of Treasury Regulation 16.3.1 issued in terms of the PFMA. It was kept in the bank account of the Department of Health.

5. APPRECIATION

The assistance rendered by the staff of the Department of Health during the audit is sincerely appreciated.



B.J.K. van Niekerk for Auditor-General

Bloemfontein

31 July 2005



TRUST FUNDS
BALANCE SHEET
at 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
--	------	------------------	------------------

ASSETS

Current assets		189	217
Receivables	3	76	-
Cash and cash equivalents	4	113	217
Total assets		189	217

EQUITY AND LIABILITIES

Capital and reserves		189	217
Trust Fund Capital	5	189	217
Total equity and liabilities		189	217

INCOME STATEMENT
for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
--	------	------------------	------------------

INCOME		16	14
Interest income	2	16	14
EXPENDITURE		44	575
Purchases		44	575
Net income for the year		(28)	(561)

Previous year expenditure re-stated

TRUST FUNDS

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2005

	Trust Fund Capital R'000
Balance 1 April 2003	778
Net profit for the year	(561)
Balance at 31 March 2004	217
Balance 1 April 2004	217
Net profit for the year	(28)
Balance at 31 March 2005	189

CASH FLOW STATEMENT for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
Cash flows from operating activities		(104)	94
Net cash/(cash deficit) generated from operating activities	6	(120)	80
Interest received		16	14
(Decrease)/increase in cash and cash equivalents		(104)	94
Movement in cash and cash equivalents			
End of the year		113	217
Beginning of the year		217	123
(Decrease)/increase		(104)	94

TRUST FUNDS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

1. Accounting policies

The principal accounting policies adopted in the preparation of these annual financial statements, which are consistent with those of the previous year, are set out below :

1.1 Basis of preparation

The financial statements are prepared in accordance with and comply with South African Statements of Generally Accepted Accounting Practice. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment policies.

1.2 Financial instruments

Financial instruments carried on the balance sheet include cash and receivables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

1.3 Receivables

Receivables consist of advances made.

1.4 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash at bank.

1.5 Revenue recognition

Interest received is recognised as it accrues unless collectability is in doubt.

	Note	2004/05 R'000	2003/04 R'000
2. Interest received			
Ficksburg District Hospital		6	7
Harrismth District Hospital		3	4
Jagersfontein District Hospital		-	1
Parys District Hospital		7	2
		<u>16</u>	<u>14</u>

3. Receivables

Advance to Free State Department of Health	<u>76</u>	-
	<u>76</u>	-

TRUST FUNDS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
4. Cash and cash equivalents			
Cash at bank		113	217
		<u>113</u>	<u>217</u>
5. Trust Fund Capital			
Opening balance		217	778
Net income for the year		(28)	(561)
		<u>189</u>	<u>217</u>
6.1 Cash / (cash deficit) generated from operations			
Net profit for the year		(28)	(561)
Adjustment for:			
Interest received		(16)	(14)
Generated from decrease in/(utilised to increase) working capital		(76)	655
Decrease/(increase) in receivables		(76)	655
		<u>(120)</u>	<u>80</u>

PRIVATE PATIENT TRUST FUNDS
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

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**REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE
LEGISLATURE ON THE FINANCIAL STATEMENTS
OF THE PATIENT PRIVATE FUND
for the year ended 31 March 2005**



AUDITOR-GENERAL

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 247 to 250, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

As indicated in the notes to the financial statements comparative figures have not been audited.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

I believe that the audit provides a reasonable basis for my opinion.

3. QUALIFICATION

3.1 Accounts payable

Due to a lack of proper financial records the completeness and accuracy of accounts payable of the current financial year of R63 848 and that of the previous financial year of R43 035 could not be confirmed. Subsequently the completeness and accuracy of the Trust Fund Capital of R229 695 of the current financial year and R230 902 of the previous financial year could also not be confirmed.

3.2 Sales

The completeness and accuracy of sales of R32 523 could not be confirmed due to a lack of appropriate supporting documentation.

3.3 Income

Appropriate supporting documentation pertaining to the income of the Rutanang and Kosmos projects could not be submitted, resulting in the completeness and accuracy of income amounting to R19 156 not being confirmed.

3.4 Purchases

Purchases disclosed in the financial statements were understated with R1211.

4. QUALIFIED AUDIT OPINION

Except for the items mentioned in paragraph 3 the financial statements fairly present, in all material respects, the financial position of the Patients Private Fund at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

5. EMPHASIS OF MATTER

5.1 Matters not affecting the financial statements: Trust deed

No trust deed could be submitted for audit purposes.

5.2 Non-compliance with laws and regulations: Late submission of financial statements

According to section (40)(1)(c) of the Public Finance Management Act, 1999(Act. No. 29 of 1999) a department must submit annual financial statements within two months after the end of the financial year to the Auditor General for auditing and the relevant treasury. The financial statements pertaining to the Private Patient Fund was only submitted on 20 July 2005.

6. APPRECIATION

The assistance rendered by the staff of the Department of Health during the audit is sincerely appreciated.



B.J.K. van Niekerk *for* Auditor-General
Bloemfontein
12 August 2005



PRIVATE PATIENT TRUST FUNDS

BALANCE SHEET

at 31 March 2005

	Note	2004/05 R	2003/04 R
ASSETS			
Current assets		293,543	273,937
Inventory		4,205	3,366
Cash and cash equivalents	3	289,338	270,571
Total assets		293,543	273,937
EQUITY AND LIABILITIES			
Capital and reserves		229,695	230,902
Trust Fund Capital	4	229,695	230,902
Current liabilities		63,848	43,035
Payables	5	63,848	43,035
Total equity and liabilities		293,543	273,937

INCOME STATEMENT

for the year ended 31 March 2005

	Note	2004/05 R	2003/04 R
Sales		32,523	116,023
Cost of sales:		26,276	98,072
Opening Inventory		3,366	2,878
Purchases		27,115	98,560
Closing Inventory		(4,205)	(3,366)
Gross Profit		6,247	17,951
Other Income			
Interest income	2	10,465	14,895
Projects:			
Kosmos		6,274	3,197
Rutanang		12,882	18,640
Operating profit		35,868	54,683
Expenditure			
Bankcharges		2,689	3,279
Projects			
Kosmos		17,598	7,813
Rutanang		16,788	19,838
Net profit for the year		(1,207)	23,753

PRIVATE PATIENT TRUST FUNDS
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2005

	Trust Fund Capital R
Balance 1 April 2003	207,149
Net profit for the year	23,753
Balance at 31 March 2004	<u>230,902</u>
Balance 1 April 2004	230,902
Net profit for the year	(1,207)
Balance at 31 March 2005	<u>229,695</u>

CASH FLOW STATEMENT
for the year ended 31 March 2005

	Note	2004/05 R	2003/04 R
Cash flows from operating activities		18,767	18,491
Net cash/(cash deficit) generated from operating activities	6	8,302	3,596
Interest received		10,465	14,895
(Decrease)/increase in cash and cash equivalents		<u>18,767</u>	<u>18,491</u>
Movement in cash and cash equivalents			
End of the year		289,338	270,571
Beginning of the year		270,571	252,080
(Decrease)/increase		18,767	18,491

PRIVATE PATIENT TRUST FUNDS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

1. Accounting policies

The principal accounting policies adopted in the preparation of these annual financial statements, which are consistent with those of the previous year, are set out below:

1.1 Basis of preparation

The financial statements are prepared in accordance with and comply with South African Statements of Generally Accepted Accounting Practice. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment policies.

1.2 Financial instruments

Financial instruments carried on the balance sheet include cash and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

1.3 Inventory

Inventory is stated at the lower of cost and net realisable value, making provision for obsolescence or saleability. Cost is determined by the weighed average method. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

1.4 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash at bank and a current deposit held with Standard Bank.

1.5 Revenue recognition

Interest received is recognised as it accrues unless collectability is in doubt.

1.6 Payables

Payables are carried at the fair value of the consideration to be paid in future for cash received from patients.

2. Comparative figures

The comparative figures for the pertaining year were not audited.

PRIVATE PATIENT TRUST FUNDS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

	Note	2004/05 R	2003/04 R
2. Interest received		10,465	14,895
Standard Bank - current account		-	125
Standard Bank - 32 day deposit		10,465	14,770
3. Cash and cash equivalents		289,338	270,571
Cash at bank		81,608	73,316
Petty cash - Kiosk		182	172
Standard Bank - 32 day deposit		207,548	197,083
4. Trust Fund Capital		229,695	230,902
Opening balance		230,902	207,149
Net income for the year		(1,207)	23,753
5. Payables		63,848	43,035
Deposits received from patients		63,848	43,035
6. Cash flow information			
6.1 Cash/(cash deficit) generated from operations		8,302	3,596
Net profit for the year		(1,207)	23,753
Adjustment for:			
Interest received		(10,465)	(14,895)
Generated from decrease in/(utilised to increase) working capital		19,974	(5,262)
(Decrease)/increase in payables		20,813	(4,774)
Decrease/(increase) in inventory		(839)	(488)

RECREATION TRUST FUNDS
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

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**REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE
LEGISLATURE ON THE FINANCIAL STATEMENTS
OF THE RECREATION TRUST FUND
for the year ended 31 March 2005**

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 254 to 256, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

As indicated in the notes to the financial statements comparative figures have not been audited.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

I believe that the audit provides a reasonable basis for my opinion.

3. QUALIFICATION

3.1 Project income

Appropriate supporting documentation pertaining to the project income could not be submitted, resulting in the completeness and accuracy of income amounting to R4 420 not being confirmed.

3.2 Donations received

An unexplained difference of R1 900 between the receipt books and the financial statements pertaining to donations existed.

3.3 Expenditure

Expenditure disclosed in the financial statements were understated with R1 279.

4. QUALIFIED AUDIT OPINION

Except for the items mentioned in paragraph 3 the financial statements fairly present, in all material respects, the financial position of the Recreation Trust Fund at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

5. EMPHASIS OF MATTER

5.1 Matters not affecting the financial statements: Trust deed

No trust deed could be submitted for audit purposes.

5.2 Non-compliance with laws and regulations: Late submission of financial statements

According to section (40)(1)(c) of the Public Finance Management Act, 1999(Act. No. 29 of 1999) a department must submit annual financial statements within two months after the end of the financial year to the Auditor-General for auditing and the relevant treasury. The financial statements pertaining to the Recreation Trust Fund was only submitted on 20 July 2005.

6. APPRECIATION

The assistance rendered by the staff of the Department of Health during the audit is sincerely appreciated.

B.J.K. van Niekerk

B.J.K. van Niekerk *for* Auditor-General

Bloemfontein

12 August 2005



RECREATION TRUST FUNDS

BALANCE SHEET
at 31 March 2005

	Note	2004/05 R	2003/04 R
ASSETS			
Current assets		231,199	236,087
Cash and cash equivalents	3	231,199	236,087
Total assets		231,199	236,087
EQUITY AND LIABILITIES			
Capital and reserves		231,199	236,087
Trust Fund Capital	4	231,199	236,087
Total equity and liabilities		231,199	236,087

INCOME STATEMENT
for the year ended 31 March 2005

	Note	2004/05 R	2003/04 R
Income		18,969	43,970
Interest income	2	6,125	11,531
Donations received		8,424	16,319
Projects:			
Athletics		640	5,690
Bus		665	10,310
Cake sale		2,865	-
Foster parent		-	120
Leave		250	-
Expenditure		23,857	34,607
Projects:			
Athletics		-	9,180
Bus		7,316	5,520
Audit fee		-	1,693
Bank charges		1,234	1,327
Christmas expenses		10,360	7,900
Equipment		-	3,299
Patients' functions and trips		3,130	4,248
Patient Salary		1,790	1,440
Stationary		27	-
Net income for the year		(4,888)	9,363

RECREATION TRUST FUNDS

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2005

	Trust Fund Capital R
Balance 1 April 2003	226,724
Net profit for the year	9,363
Balance at 31 March 2004	236,087
Balance 1 April 2004	236,087
Net profit for the year	(4,888)
Balance at 31 March 2005	231,199

CASH FLOW STATEMENT for the year ended 31 March 2005

	Note	2004/05 R	2003/04 R
Cash flows from operating activities		(4,888)	9,363
Net cash/(cash deficit) generated from operating activities	5	(11,013)	(2,168)
Interest received		6,125	11,531
(Decrease)/increase in cash and cash equivalents		(4,888)	9,363
Movement in cash and cash equivalents			
End of the year		231,199	236,087
Beginning of the year		236,087	226,724
(Decrease)/increase		(4,888)	9,363

RECREATION TRUST FUNDS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

1. Accounting policies

The principal accounting policies adopted in the preparation of these annual financial statements, which are consistent with those of the previous year, are set out below:

1.1 Basis of preparation

The financial statements are prepared in accordance with and comply with South African Statements of Generally Accepted Accounting Practice. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment policies.

1.2 Financial instruments

Financial instruments carried on the balance sheet include cash and receivables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

1.3 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash at bank and a fixed deposit.

1.4 Revenue recognition

Interest received is recognised as it accrues unless collectability is in doubt.

2. Comparative figures

The comparative figures for the pertaining year were not audited.

	Note	2004/05 R	2003/04 R
2. Interest received		6,125	11,531
Standard Bank		-	276
First National Bank		6,125	11,255
3. Cash and cash equivalents		231,199	236,087
Cash at bank		131,199	136,087
Fixed deposit		100,000	100,000
4. Trust Fund Capital		231,199	236,087
Opening balance		236,087	226,724
Net income for the year		(4,888)	9,363
5. Cash flow information			
5.1 Cash/(cash deficit) generated from operations		(11,013)	(2,168)
Net profit for the year		(4,888)	9,363
Adjustment for:			
Interest received		(6,125)	(11,531)

GLOSSARY

Abet	Adult Basic Education and Training
ADAPRAC	Alcohol and Drug Abuse
AFP	Accute Flaccid Paralysis Stool
AIDS	Acquired Immune Deficiency Syndrome
ALS	Advance Life Support
ARLOS	Average Length of Stay
ART	Antiretroviral Treatment
ARV	Antiretroviral
Ass D	Assisted Delivery
BAS	Basic Accrual System
BEE	Black Economic Empowerment
BMMS	Building Management Maintenance System
C/S	Ceasarean Section
CBO	Community-based Organisation
CD4	Type of white blood cell
CHC	Community Health Centre
CHM (Pty)	Community Health Management
COHASA	Council for Helath Service Accreditation of South Africa
DEPAM	Decentralised Education Programme for Advanced Midwives
DHIS	District Health Information System
DHS	District Health System
DORT	Disease Outbreak Response Team
DOTS	Direct Oservation Treatment System
DPSA	Department of Public Service and Administration
EFS	Eastern Free State
EMS	Emergency Medical Services
FMS	Financial Management System
FSCM	Financial Supply Chain Management
HAST	HIV, AIDS and Sexually transmitted infection and TB
HIV	Human Immunodeficiency Virus
HR	Human Resource
HTA	High Transmission Rate
ICU	Intensive Care Unit
IDP	Integrated Development Plan
IHPF	Integrated Health Plan Framework
IMCI	Integrated Management of Childhood Illness
LBW	Low Birth Weight
MEM	Medical Equipment Management System
MM	Management Meeting
MMM	Mofumahadi Manapo Mopeli
NCCEMD	National Committee on Confidential Enquiry into Maternal Deaths
NFS	Northern Free State Health Complex
NGO	Non-governmental Organisations
NMR	Neonatal Mortality Rate
PADS	Patient Administration and Debt System
PCI	Perinatal Care Index
PDMS	Performance Development Management System
PEP	Post-exposure Prophylaxis
PFMA	Public Finance Management Act (Act 1 of 1999)
PHC	Primary Health Care

PMTCT	Prevention of Mother to Child Transmission
PNMR	Perinatal Mortality Rate
PPT	Planned Patient Transport
PTB	Pulmonary Tuberculosis
SAIGA	South African Institute of Government Auditors
SARS	South African Revenue Service
SFS	Southern Free State Health Complex
SMSA	Senior Management Services
SOP	Standard Operating Procedures
TB	Tuberculosis
UPFS	Uniform Patient Fee System
VCCT	Voluntary Confidential Counselling and Testing
VEP	Victim Empowerment Programme