

## Eastern Cape Department of Health

### Report on Conditional Grants and Capital Expenditure as at 30 September 2005

The responses is in terms of the correspondence dated 3 November 2005

**Paragraph 1**

Grant	2005/06 Allocation	Transfers to date: 30 Sept 05	Actual expenditure: 30 Sept 05	% spent as at 30 Sept 05
Comprehensive HIV and Aids	159,005	76,688	41,403	26.04%
Health Professions Training and Development	127,566	63,780	61,447	48.17%
Hospital Management and Quality Improvement	24,531	12,267	6,854	27.94%
Hospital Revitalisation Grant	157,732	78,868	36,986	23.45%
Integrated Nutrition Programme Grant	26,316	13,200	9,890	37.58%
National Tertiary Services Grant	353,022	176,509	148,209	41.98%
	<b>848,172</b>	<b>421,312</b>	<b>304,789</b>	<b>35.93%</b>

The department reflects a 35.93% expenditure for the first six months in respect of conditional grants. The slow start can be mainly contributed to tenders being awarded in the latter part of this period.

The department however is confident that the expenditure will pick up during the second period and will spent the grants.

Capital Expenditure	2005/06 Allocation	Actual expenditure: 30 Sept 05	% spent as at 30 Sept 05	Projections	Total Expenditure Actual + Projections	Variance
Pr 1: Administration	13,742	1,362	9.91%	13,880	15,242	-1,500
Pr 2: District Health Services	20,460	1,492	7.29%	12,091	13,583	6,877
Pr 3: Emergency Medical Services	-	-	-	-	-	-
Pr 4: Provincial Hospital Services	13,725	6,573	47.89%	8,852	15,425	-1,700
Pr 5: Central Hospital Services	-	-	-	-	-	-
Pr 6: Health Sciences and Training	-	-	-	-	-	-
Pr 7: Health Care Support Services	3,500	2	0.06%	400	402	3,098
Pr 8: Health Facilities Dev and Maint	468,242	158,028	33.75%	310,028	468,056	186
	<b>519,669</b>	<b>167,457</b>	<b>32.22%</b>	<b>345,251</b>	<b>512,708</b>	<b>6,961</b>

The department reflects a 32.22% expenditure in respect of capital expenditure which was mainly due to the department not being able to procure office furniture as suitable office accommodation could not be found.

Projects in the pre-tender phase were halted in the previous financial year owing to the austerity measures implemented in the province. The tender process only commenced during the current financial year and the expenditure will therefore increase during the second period in the financial year. The department has also been informed of a decrease of R10m in respect of the Revitalization grant by National Treasury.

**Paragraph 2**

**2.1. Monitoring and reporting measures:**

**2.1.1 Expenditure Monitoring** – this occurs on a weekly basis. A budget and expenditure committee, chaired by the head of department, assesses the expenditure and budget including conditional grants. Conditional Grant Program Managers are held accountable to the budget and expenditure committee

pertaining to the management, weekly and monthly expenditure projections versus actual and remedial action to address over-and-under expenditure. The most recent BAS report is used as the monitoring tool. The program managers are answerable in terms of achievements, challenges, proposed corrective actions, and a way forward. The proposed corrective actions are then monitored the following week.

#### **2.1.2 Monthly and quarterly reporting requirements in terms of DoRA –**

- monthly and quarterly reports are submitted to national for the comprehensive HIV/AIDS, the Integrated Nutrition Program, and the HPTD quarterly reports are submitted to national for the National Tertiary Services Grant, Hospital Management and Quality Improvement Grant and the infrastructure component of the Revitalization Grant
- quarterly reports are in the process of been submitted to Treasury for the first and second quarter for all grants
- the above quarterly reports have being amended, in consultation with treasury, to accommodate Provincial Treasury reporting and monitoring requirements only.

### **2.2 Capacity Constraints – Conditional Grants**

**HIV / AIDS** –Tender process for payment of stipends for CHW's was delayed

**INP** – Shortage of dieticians, there was a delay in accreditation of ARV sites owing lack of clinicians, shortage of INP staff at LSA level, lack of monitoring resulting in relapse of many cases, cases fatality rate due to malnutrition still high due to lack of monitoring

**HMQI** – COHSASA accreditation program started late in August instead of April, lack of capacity in institutions leading to under-spending, misallocation of expenditure in institutions, compensation of employees from the grant not reflected in the BAS report

**HPTD** – Expenditure for this grant occurs through service level agreement of which will be honored during this financial year.

**NTSG** – The department does not foresee any areas of concern and will spend the grant in full.

**REVIT** - This grant is discuss under Capital discussion below (paragraph 2.4)

### **2.3. Remedial Mechanisms**

**HIV/AIDS** – Tender has been awarded and order number to authorize payment has now been obtained.

**INP** - Arrangements to advertise posts for dieticians made with HIV directorate. Proposed structure for INP LSA staff submitted to work study for consideration. Monitors have been trained to monitor management of severe malnutrition.

**HMQI** – Journals will be affected to correct all misallocations. Weaknesses have been identified in OD and Financial Management, head office to address this problem. Additional hospitals to be added to the accreditation program from November 2005.

### **2.4 Capital**

#### **Capacity Constraints**

Delays in the awarding of tenders to the value of R412m. Therefore the contractors were not on site. The affected projects are clinics: - 23 Tenders were out in February 2005 and 19 were only awarded end of August with rest still outstanding. Hospitals:- 7

projects tendered between April to July still not awarded because they are awaiting TRC decision. These are big projects which could quickly spend. This function is in the Public Works Department.

Delay in the award of provincial medical equipment in the Health Department. The contract were finally awarded end of September 2005. Therefore no orders were placed. To a lesser extent some contractors failed. 2 hospital and 6 clinic projects had to be retendered.

**Remedial Steps:** To include utilization of RIDA and IDT for accelerated procurement in all maintenance, capital and equipment projects. Bring forward all small projects scheduled for next financial years.

**Paragraph 3**

The department submits on a monthly and quarterly basis its conditional grant performance reports to both Provincial and National Treasury and National Department of Health.

The department do not transfer conditional grant to Municipalities in the Province.

**Paragraph 4**

**Business plans could however not be submitted owing to the limitation in technology.**