



Financial Report

The overspending by individual sub-programmes has been small. The under-spending, amounting to R59,47-million, can be attributed to:

- **HIV/AIDS:** Although the full amount was committed at year-end, payment could not be effected as the ordered condoms had not been delivered. This was due to a bottleneck in the quality control programme and the late delivery of condoms. Some research reports were also delivered late and payment could not be made until delivery.
- **Maternal Child and Women's health:** The under-spending was largely as a result of a delay by the supplier of Hib vaccines in tabling satisfactory documentary proof of delivery. Payment was thus moved to after the end of the financial year.
- **International Health:** The health attaché post in Brussels was not filled. Furthermore, the Rand/Dollar exchange rate during the period under review was more favourable than forecast.

Programme 3: Health Service Delivery

The Health Service Delivery branch, as its name suggests, supports the delivery of health services. This includes hospital services and "non personal" services, such as environmental health, health promotion and occupational health services. It includes the Cluster for Disease Prevention and Control that has a substantial budget covering large forensic laboratories as well as the National Institute for Virology.

Programme 3: BUDGET ALLOCATION AND ACTUAL EXPENDITURE 2000/1

| | Budget R'000 | Suppl & Adj Budget R'000 | Total Budget R'000 | Actual Expenditure R'000 | Balance R'000 |
|--|-----------------|--------------------------------|--------------------------|--------------------------------|------------------|
| Disease Prevention and Control | 43 840 | 8 363 | 52 203 | 51 273 | 930 |
| Hospital Services | 11 654 | 15 090 | 26 744 | 24 319 | 2 425 |
| Human Resources | 5 987 | 5 863 | 11 850 | 8 804 | 3 046 |
| Non-Personal Health Services | 54 781 | 433 | 55 214 | 57 937 | (2 723) |
| Health and Welfare Sector Negotiations | 2 431 | (916) | 1 515 | 1 014 | 501 |
| Total: Programme 3 | 118 693 | 28 833 | 147 526 | 143 347 | 4 179 |

The overspending on Non-Personal Health Services was due to the acquisition of a management system to improve the of control compensation payments to ex-miners. The most significant under-spending relates to European Union donor projects in the Hospital Services and Human Resources sub-programmes. Donor funded programmes run up to 30 June 2001.

Specified Items

Funding for the following sub-programmes is included in this section:

- Government funding of the Medical Research Council (MRC).
- Government funding for restructuring Vaccine Production Units.
- Poverty relief programmes.

Funds for the MRC and Vaccine Production Units flowed as planned.

The under-spending in the Poverty Relief Programme can largely be attributed to slow spending by provinces. In many cases funds were in fact spent but the flow of paper work to account for transactions is long and slow. The Department's requirement that poverty relief should take the form of sustainable projects rather than short-term relief may also have delayed spending.

SPECIFIED ITEMS: BUDGET ALLOCATION AND ACTUAL EXPENDITURE 2000/1

| | Budget R'000 | Suppl & Adj Budget R'000 | Total Budget R'000 | Actual Expenditure R'000 | Balance R'000 |
|--------------------------|-----------------|--------------------------------|--------------------------|--------------------------------|------------------|
| Medical Research Council | 108 211 | 450 | 108 661 | 108 661 | 0 |
| Vaccine production | 4 000 | 0 | 4 000 | 4 000 | 0 |
| Poverty relief | 28 000 | 1 413 | 29 413 | 3 317 | 26 096 |
| Total: Specified items | 140 211 | 1 863 | 142 074 | 115 978 | 26 096 |



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Conditional Grants and Transfer Payments

The new Division of Revenue Act requires that funds earmarked for the provinces by way of conditional grants should flow according to a pre-negotiable payment schedule. As can be seen in the table the Department complied with this requirement. The amount of R6,5-million under Specialised Health Services was allocated to the national Department.

CONDITIONAL GRANTS AND TRANSFER PAYMENTS: BUDGET ALLOCATION AND ACTUAL EXPENDITURE 2000/1

| | Budget R'000 | Suppl & Adj Budget R'000 | Total Budget R'000 | Actual Expenditure R'000 | Balance R'000 |
|---|-----------------|--------------------------------|--------------------------|--------------------------------|------------------|
| Central Hospitals | 3 112 000 | 0 | 3 112 000 | 3 112 000 | 0 |
| Health Professional Training and Research | 1 174 000 | 0 | 1 174 000 | 1 174 000 | 0 |
| Hospital Rehabilitation | 400 000 | 23 139 | 423 139 | 423 139 | 0 |
| Nkosi Albert Luthuli Hospital | 273 000 | 58 200 | 331 200 | 331 200 | 0 |
| Specialised Health Services | 176 000 | 109 555 | 285 555 | 279 040 | 6 515 |
| Nelson Mandela Complex | 0 | 111 852 | 111 852 | 111 852 | 0 |
| Primary School Nutrition Programme | 582 411 | 0 | 582 411 | 582 411 | 0 |
| HIV/AIDS | 16 819 | 0 | 16 819 | 16 819 | 0 |
| Other Transfer Payments | 181 595 | 10 694 | 192 289 | 160 647 | 31 642 |
| Total: Conditional grants and other transfer payments | 5 915 825 | 313 440 | 6 229 265 | 6 191 108 | 38 157 |



General discussion

Unauthorised expenditure

The Department incurred one item of expenditure, to the value of R1.894-million, that can be defined as irregular as procurement procedures were not followed. The matter has been reported to the State Tender Board and is being dealt with.

Financial management

The Department has begun adjusting its systems to give effect to the Public Finance Management Act. Work is progressing as planned.

Concluding remarks

Overall, the Department spent 98,6% of the funds allocated under its Budget. The picture is somewhat less satisfactory when the Conditional Grants are taken out of the equation. The Department spent only 86% of funds allocated for its "own" activities, although nearly all of the unspent money was in fact committed.

The Department's funding requirements are, by and large, catered for in the Medium Term Expenditure Framework. However, the findings of the HIV/AIDS Impact study — undertaken in 2000 and currently being refined — will have to be factored into the funding of the Department and provincial health budgets.

