

The Accounting Officer

Gauteng Department of Health

Private Bag x085

Marshalltown

2109

18 July 2024

Reference Communication No.192 of 2023/24

Dear Mr A. Malotana

**COMMUNICATION OF AUDIT FINDINGS IDENTIFIED FROM THE REGULATORY AUDIT OF THE GAUTENG DEPARTMENT OF HEALTH FOR THE YEAR ENDED 31 MARCH 2024**

**Background**

1. In performing the audit, findings detailed below came to our attention. We have also recorded the internal control deficiency that resulted in the finding and our recommendations for addressing the findings for your consideration.
2. The finding will be included in the management report including your comments and our final response.

**Required**

1. You are requested to indicate your agreement with the facts stated in these findings. Should you disagree with the findings, please provide documentary evidence to the contrary within five working days of receipt hereof.
2. You are requested to indicate the reason for this non-compliance and the steps that will be taken to rectify the matter within three working days from the date of this communication as agreed in the engagement letter.
3. If the findings are as a result of information not having been presented as requested then the missing documentation should be supplied within three working days from date thereof, failing which it will not be taken into consideration in finalizing the audit.
4. Should you disagree with the identified internal control deficiency, please indicate what you believe the actual cause of the non-compliance is.
5. The recommendations made by the audit team are subject to change after due consideration of the management comments received.
6. Please note that all uncleared findings together with your comments will be included in the management report and that no further opportunities will be given during the audit process to rectify the matter reported.

Yours sincerely

Mariette Hefer

Senior Manager

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**Acknowledgement of receipt by management:**

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Received by Date

**DETAILED AUDIT FINDING**

HR – Irregular CEO appointments

**Requirements in respect of the filling of posts**

The regulatory framework applicable to the filling of posts in the Public Service is contained in, amongst others, the Public Service Act, 1994, the Public Service Regulations (PSR) 2016, and the Recruitment and Selection Policy of the Department of Health.

These prescripts are summarised as follows in terms of each of the indicated administrative categories:

**Public Service Regulations, 2016, as amended on 11 April 2019**

**"inherent requirements of the job"** means the competency, experience, qualifications and any other requirement that an employee needs in order to perform a job;

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| PSR, 2016 | |
| **Advertising:** | Regulation 65 (1), *“An executive authority shall ensure that vacant posts in the department are advertised, as effectively and efficiently as possible, to reach the entire pool of potential applicants, included designated groups.”*  Regulation 67 (1), “*An executive authority shall appoint a selection committee to make a recommendation on the appointment to a post. The selection committee shall consist of at least three members who are employees of a grade equal to or higher than the grade of the post to be filled or suitable persons from outside the public service.”* |
| PSR, 2016 | |
| **Selection:** | Regulation 67 (9): ***“****Before making a decision on an appointment or filling of a post, an executive authority shall-*  *(a) satisfy himself or herself that the candidate qualifies in all respects for the post and that his or her claims in his or her application for the post have been verified as directed by the Minister, and* |
| **Departmental Recruitment and Selection Policy** | |
| Paragraph 7 | Paragraph 7.2.2, “*the shortlisting committee shall consist of at least three (3) members, one of which must be a senior member of the component where the post exists and any other two delegated members of a grading equal to or higher than the grading of the post to be filled*.”  Paragraph 7.2.3*, “Human Resource Practitioner to oversee the Human Resource processes.”*  Paragraph 7.7.5 *“The liability with respect to any unauthorized appointment will remain with those responsible for the appointment. However, Human Resource has a role to play in advising the responsible authority on the procedures and policies to be followed.”*  Paragraph 7.2.8, *“Shortlisting process must be documented and safely kept.”* |

**Department of Public Service And Administration (DPSA), amended 1 April 2016, Directive on compulsory capacity development, mandatory training days and minimum entry requirements circular:**

**Paragraph 10.1 – Minimum qualifications for entry into SMS positions shall be:**

Paragraph 10.1.2 – For a Deputy Director-General and Head of Department – an undergraduate qualification and a post graduate qualification (NQF Level 8) as recognized by SAQA.

**Minimum years of service:**

*Paragraph 10.2 – An SMS member must demonstrate that she/he has validated her/his competencies at their current performer level before progressing to a higher level of SMS.*

*The table below reflects minimum years of experience as an entry requirement into the SMS:*

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| ***SMS Level*** | ***Relevant experience (wef 01 April 2015)*** |
| *Entry (Level 13)* | *5 years of experience at middle/senior managerial level* |
| *Level 14* | *5 years of experience at a senior managerial level* |
| *Level 15* | *8 – 10 years of experience at a senior managerial level\** |
| *Level 16* | *8 – 10 years of experience at a senior managerial level ( at least 3 years of which must be with any organ of State as defined in the Constitution, Act 108 of 1996)\** |

*\*Noting that most Heads of Department in Provinces are remunerated at different salary level within the SMS, the years of experience for an individual who is expected to be functioning as an HoD will be 8-10 years of experience at a senior managerial level* ***(at least 3 years of which must be with any organ of State as defined in the Constitution, Act 108 of 1996).***

*Paragraph 16 – Request for deviation in respect to any part of this Directive may only be considered by the Minister for Public Service and Administration provide that such a request, citing the reasons therein, is in writing and signed by the relevant Executive Authority.*

**Audit Findings**

During the audit of new appointments to fill the position of Chief Executive Officers (CEOs) for the three (3) Academic Hospitals: Chris Hani Baragwanth, Dr. George Mukhari and Steve Biko the following issues were identified:

**Minimum qualifications for entry into SMS positions:**

The job advert required a degree/advanced diploma in health related field and a Master degree in Public Health and/ or management which was in line with the Department of Public Service and Administration (DPSA), amended 1 April 2016, Directive on compulsory capacity development, mandatory training days and minimum entry requirements circular. However, the following was identified in relation to the appointment of the CEO at Chris Hani Baragwanth Hospital:

* The Z83 form of the incumbent indicated that an MBA in Health Management was obtained in 2024 from Regent Business School. However, the information submitted to the auditor’s did not include an MBA certificate from Regent Business School;
* Under the “Education” heading of the Curriculum Vitae (CV) of the appointed CEO, indicated that the incumbent had enrolled from March 2023 - June 2024 for a Masters of Business Administration (MBA) NQF 9 at Regenesys Business School.

* Furthermore, under the “Profile” heading of the CV, it is indicated that a Master's in Business Administration is currently been completed through Regenesys Business School which agrees to information under the “Education” heading of the CV.
* Therefore, based on the above, the incumbent did not have a Master degree in Public Health and/ or management at the time of application, thus a deviation of paragraph 10.1.2 as contained in the *Department of Public Service And Administration (DPSA), amended 1 April 2016, Directive on compulsory capacity development, mandatory training days and minimum entry requirements circular.*
* Having deviated from the abovementioned paragraph, paragraph 16 of the aforesaid circular makes provision that a *request for deviation in respect to any part of this Directive may only be considered by the Minister for Public Service and Administration provide that such a request, citing the reasons therein, is in writing and signed by the relevant Executive Authority,* however, this was not included as part of the information submitted to the auditor’s.
* Therefore the appointed CEO did not meet the minimum qualifications for entry into an SMS position and therefore should not have been shortlisted for the position.

**Minimum years of experience:**

The job details of the post required a minimum of ten (10) years management experience in the health sector at a senior management level. This was in line with paragraph 10.2 of the *Department of Public Service And Administration (DPSA), amended 1 April 2016, Directive on compulsory capacity development, mandatory training days and minimum entry requirements circular* which requires a minimum of 8 – 10 years’ experience for a SMS level 15 position. However, the following issues were noted:

**CEO appointment at Chris Hani Baragwanth Hospital:**

* The incumbent was the acting CEO at Pholosong Hospital from June 2021, the closing date for applications to be submitted was 05 May 2023 and interviews were held on 17 November 2023, therefore at the time the application closed, the incumbent only had less then three (3) years at a senior management level.
* Furthermore, from April 2018 - May 2021 - the incumbent was appointed as a Clinical Manager at Pholosong Hospital which is three (3) years at an MMS level.
* From March 2015 to March 2018, the incumbent was appointed as a Medical Officer at Pholosong Hospital which is a further three (3) years at an MMS level.
* Furthermore, under the “*profile”* heading of the CV, it is indicated that the incumbent has 10 plus years in the health sector, five (5) of those in hospital management.
* Based on the incumbents SMS minimum entry requirements document it was highlighted that the incumbent only had five (5) years relevant years of experience for the post.
* Therefore, based on the above, paragraph 10.2 of the DPSA's Amended Directive on Compulsory Capacity Development, Mandatory Training Days and Minimum Entry Requirements for Members of the Senior Management Service (SMS) which requires 8 - 10 years of experience at a senior management level for a SMS level 15 was contravened.

**CEO appointment at Steve Biko Hospital:**

* Appointed as acting CEO at Steve Biko Academic Hospital from 01 April 2023 which is an SMS post;
* Appointed as a Services Medical Manager from September 2021 - 31 March 2023 at Steve Biko Academic Hospital which is a level 12 post, thus an MMS post;
* Appointed as a Hospital General Manager at Mediclinic Heart Hospital from May 2019 - August 2021;
* Appointed as an acting Hospital General Manager at Mediclinic Heart Hospital from October 2018 - May 2019;
* Appointed as a Hospital Clinical Manager at Mediclinic Muelmed Hospital from 2017 - May 2019;
* Therefore, based on the above the incumbent had only one month senior managerial experience when applications closed on May 2023 as she only started acting at a senior managerial level from April 2023;
* Furthermore, based on the incumbents SMS minimum entry requirements document it was highlighted that the incumbent only had seven (7) years relevant years of experience for the post.
* As such, based on the above issues, paragraph 10.2 of the DPSA's Amended Directive on Compulsory Capacity Development, Mandatory Training Days and Minimum Entry Requirements for Members of the Senior Management Service (SMS) which requires 8 - 10 years of experience at a senior management level for a SMS level 15 was contravened.

**CEO appointment at Dr. George Mukhari Hospital:**

* As per the CV, the incumbent was appointed as a Medical Intern in the KZN Department of Health for 2 years (01 Jan 2011 - Dec 2012) which is not a SMS level;
* Appointed as a Medical Officer from 2013 -2015 at Donald Frazer Hospital in the Limpopo Health Department which is a level 12 post;
* Appointed as a Senior Medical Officer from 10 February 2014 till to date at Khubvi Medical Centre Hospital located in Limpopo;
* Appointed as a Clinical Manager Surgical cluster in the Sebokeng Regional Hospital, Department of Health (DoH) from June 2022 which is a level 12 post and
* Appointed as acting CEO at Dr. George from August 2023.
* Therefore, based on the above, the incumbent had no senior managerial experience when applications closed on May 2023 as the incumbent only started acting at a senior managerial level from August 2023.
* Furthermore, based on the incumbents SMS minimum entry requirements document it was highlighted that the incumbent only had five (5) years relevant years of experience for the post.
* As such, based on the above, paragraph 10.2 of the DPSA's Amended Directive on Compulsory Capacity Development, Mandatory Training Days and Minimum Entry Requirements for Members of the Senior Management Service (SMS) which requires 8 - 10 years of experience at a senior management level for a SMS level 15 was contravened.

**Impact**

Non-compliance with PSR paragraph 67(9) and paragraph 10.1.2, 10.2 and 16 of the Department of Public Service and Administration (DPSA), amended 1 April 2016, Directive on compulsory capacity development, mandatory training days and minimum entry requirements circular.

**Internal control deficiencies**

Leadership

* Departmental leadership has failed to exercise oversight responsibility regarding compliance with the Public Service Regulations, which resulted in the department irregularly appointing employees.

Financial management

* Management did not implement adequate review and monitoring controls over appointing employees to ensure compliance with Public Service Regulations.

**Recommendation**

Leadership

* Leadership is urged to provide oversight over appointment processes to =ensure full compliance with the requirements of relevant legislation.

Financial management

* Management should ensure that suitable candidates who meet the minimum requirements are shortlisted.
* Management is requested to disclose the remuneration paid to the employees as irregular expenditure in the annual financial statements.

**Management response**

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| **Management comment on audit finding:** | | |
| **Management comment on internal control deficiencies:** | | |
| **Management comment on recommendation:** | | |
| **Remedial action:** | | |
| **What actions will be taken:** | **By whom** | **By when:** |

**Auditor’s conclusion**