

ANNUAL REPORT





ANNUAL REPORT 2024/25

TABLE OF CONTENTS

PART A: GENERAL INFORMATION	6
1. PUBLIC ENTITY'S GENERAL INFORMATION	7
2. LIST OF ABBREVIATIONS/ACRONYMS	8
3. FOREWORD BY THE CHAIRPERSON	9
4. CHIEF EXECUTIVE OFFICER'S OVERVIEW	11
5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF	14
THE ANNUAL REPORT	
6. STRATEGIC OVERVIEW	15
6.1. Vision	15
6.2. Mission	15
6.3. Values	15
7. LEGISLATIVE AND OTHER MANDATES	15
7.1. Constitution Mandate	15
7.2. Policy Mandates	19
7.3. Other Related Legislations	21
8. ORGANISATIONAL STRUCTURE	22
PART B: PERFORMANCE INFORMATION	24
9. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES	25
10. OVERVIEW OF PERFORMANCE	25
10.1. Service Delivery Environment	25
10.2. Organisational Environment	29
11. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION	32
11.1. Programme 1: Administration	33
11.2. Programme 2: Compliance Inspectorate	42
11.3 Programme 3: Complaints Management and Office of the Health Ombud	44
11.4. Programme 4: Health Standards Design, Analysis and Support	47
11.5. Programme 5: Certification and Enforcement	50
12. REVENUE COLLECTION	53
PART C: GOVERNANCE	54
42 INTRODUCTION	
13. INTRODUCTION	55
14. PORTFOLIO COMMITTEES (IF APPLICABLE)	55
15. EXECUTIVE AUTHORITY	55
16. THE ACCOUNTING AUTHORITY/BOARD	55
17. RISK MANAGEMENT	59
18. INTERNAL CONTROL UNIT	60
19. INTERNAL AUDIT AND AUDIT, RISK AND FINANCE COMMITTEE	61
20. COMPLIANCE WITH LAWS AND REGULATIONS	62
21. FRAUD AND CORRUPTION	62

22. MINIMISING CONFLICT OF INTEREST	62
23. CODE OF CONDUCT	63
24. HEALTH SAFETY AND ENVIRONMENTAL ISSUES	63
25. COMPANY/BOARD SECRETARY (IF APPLICABLE)	63
26. SOCIAL RESPONSIBILITY	63
27. AUDIT, RISK AND FINANCE COMMITTEE REPORT	63
28. B-BBEE COMPLIANCE PERFORMANCE INFORMATION	64
PART D: HUMAN RESOURCES MANAGEMENT	65
29. INTRODUCTION	66
29.1. Overview of Human Resources matters in OHSC	66
29.2. Human Resources priorities for the year under review and the impact of	66
these priorities	66
30. CHALLENGES ENCOUNTERED	66
31. FUTURE HUMAN RESOURCES PLANS/GOALS	67
32. HUMAN RESOURCES OVERSIGHT STATISTICS	67
PART E: PFMA COMPLIANCE RPORT	71
33. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES	72
33.1. Irregular expenditure	72
33.2. Fruitless and wasteful expenditure	73
33.3. Additional disclosure relating to material losses in terms of	74
PFMA Section 55(2)(b)(i) &(iii))	
34. LATE AND/OR NON-PAYMENT OF SUPPLIER	75
35. SUPPLY CHAIN MANAGEMENT	75
35.1. Procurement by other means	75
35.2. Contract variations and expansions	76
PART F: FINANCIAL INFORMATION	77



PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME: Office of Health Standards Compliance

PHYSICAL ADDRESS: 79 Steve Biko Road

Prinshof, Pretoria

0084

POSTAL ADDRESS: Private Bag X21

Arcadia

0007

TELEPHONE NUMBER/S: +27 12 942 7700

EMAIL ADDRESS: communication@ohsc.org.za

WEBSITE ADDRESS: www.ohsc.org.za

EXTERNAL AUDITORS: Auditor-General of South Africa

PO Box 446 Pretoria 0001

BANKERS: Standard Bank

CHAIRPERSON OF BOARD: Dr E Kenoshi

CHIEF EXECUTIVE OFFICER: Dr S Mndaweni

COMPANY/ BOARD SECRETARY: Vacant

2. LIST OF ABBREVIATIONS/ ACRONYMS

AGSA Auditor-General of South Africa
APP Annual Performance Plan

AR Annual Returns

ARF Committee Audit, Risk and Finance Committee

B-BBEE Broad-Based Black Economic Empowerment

BMI Body Mass Index

CAU Complaints Assessment Unit CCC Complaints Call Centre

CCMA The Commission for Conciliation, Mediation and Arbitration

CEC Certification and Enforcement Committee

CEO Chief Executive Officer
CHCs Community Health Centres
CIU Complaints Investigation Unit

CPD Continuing Professional Development

CSF Compliance Status Framework
DMA Disaster Management Act

DPSA Department of Public Service and Administration

EMS Emergency Medical Services

EWS Early warning system

GCIS Government Communication and Information System

HEs Health Establishment

HIV Human Immunodeficiency Virus

HPCSA Health Professions Council of South Africa

HR Human Resources

HRREM com Human Resource and Remuneration Committee
HSDAS Health Standards Design, Analysis and Support
ICT Information and Communication Technology

JMH Joint Medical Holdings

ISQua International Society for Quality in Healthcare

KZN KwaZulu-Natal

MEC Member of the Executive Council
MTEF Medium-Term Expenditure Framework

NDOH National Department of Health NDP National Development Plan

NHA National Health Act

NHAA National Health Amendment Act
NHI National Health Insurance

NHLS National Health Laboratory Service
NPM National Preventative Mechanism

ODMWA Occupational Diseases in Mines and Works Act

OHO Office of the Health Ombud

OHSC Office of Health Standards Compliance
OSD Occupation Specific Dispensation
PAIA Promotion of Access to Information Act
PAJA Promotion of Administrative Justice Act

PFMA Public Finance Management Act

PHC Primary healthcare

PPPFA Preferential Procurement Policy Framework Act

QIPs Quality Improvement Plans

SADTC South African Dental Technicians Council

SAHPRA South African Health Products Regulatory Authority

SANC South African Nursing Council
SAPS South African Police Service
SDA Skills Development Act
SDGs Sustainable Development Goals
SMS Senior Management Service

SRTTT Scientific Research Technical Task Team

UHC Universal Health Coverage



he financial year 2024/25 marked a significant turning point for the Office of Health Standards Compliance (OHSC) as a health regulator, transitioning from the Strategic Plan for 2020/25 to a renewed phase of regulatory excellence. This past year saw remarkable achievements, including the OHSC successfully meeting its targets outlined in the 2020/25 Strategic Plan and the Annual Performance Plan for 2024/25.

As the accounting authority, the OHSC Board operates under an approved Board Charter. The Board ensured that the financial and risk management practices, as well as the internal controls of the OHSC, are effective and in accordance with the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999). The Board is proud that the OHSC achieved an unqualified audit opinion over the previous strategic plan cycles, reflecting its commitment to transparency, accountability, and sound financial management. These accomplishments highlight the collective dedication of the Board, management, and staff, along with proactive engagement from public and private healthcare sectors, all working together to enhance quality and safety for health service users.

As a pivotal healthcare regulator, the OHSC's role extends beyond mere oversight; it is integral to promoting and protecting health and safety standards for service users nationwide. OHSC's ability to effectively regulate healthcare quality relies on everyone in the healthcare sector adhering to established policy priorities and minimum standards of care. Through these efforts, the

3. FOREWORD BY THE CHAIRPERSON

Dr Ernest Kenoshi Chairperson of the Board

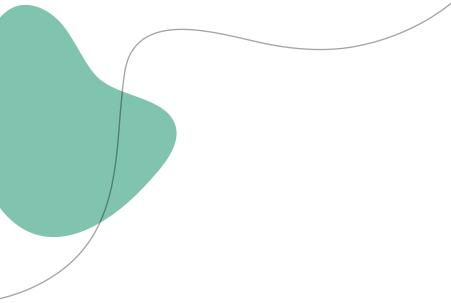
OHSC directly supports the government's progressive realisation of its constitutional obligations while safeguarding the fundamental rights outlined in the Constitution and relevant legislation.

The Board and executive management are proud of the progress in enhancing healthcare standards across South Africa. The recent enactment of the National Health Insurance Act 2023 (Act No. 20 of 2023) serves as a critical framework to ensure that health establishments and healthcare providers meet high quality and compliance standards. Section 39(2)(b) mandates that healthcare providers must obtain a certificate of compliance from the OHSC to be accredited by the National Health Insurance (NHI) Fund. Additionally, section 39(12) allows the Fund to grant conditional accreditation to health establishments and healthcare providers after consultation with the OHSC.

The regulatory functions of the OHSC have become increasingly vital, and the entity is pleased to publish a comprehensive report detailing its performance and achievements during this review period.

A key component of the OHSC future strategy includes implementing a revenue generation model with consultation with key stakeholders, intended to create sustainable funding for its functions.

This model will focus on various streams, including service fees for the OHSC inspections and certifications, partnerships with health establishments and healthcare providers, and investments in training programmes



aimed at raising compliance standards across all the health sectors.

Additionally, the OHSC is committed to leveraging artificial intelligence (AI) to enhance its regulatory efficiency. The OHSC is in the process of finalising a strategic smart inspection concept that will utilise Al technologies to streamline inspection processes and analyse large sets of data for more informed decisionmaking. This innovative approach will not only improve OHSC inspection capabilities within the healthcare sector but also promote a data-driven culture to ensure compliance and quality service delivery. The OHSC dedicated team has played a crucial role in its success, conducting a series of systematic inspections that exceeded the entity's targets by certifying a significant number of health establishments in the public and private sector. This regulatory efficiency exemplifies OHSC's commitment to enhancing compliance and service delivery across the healthcare landscape. The OHSC must continue to expand its capabilities and influence within the healthcare sector. The significance of the OHSC's work transcends basic compliance; it is about building a resilient healthcare system that prioritises patient safety and quality care.

As the OHSC provides guidance and oversight into health facilities, the entity must remain dedicated to including only those establishments that meet its stringent standards in the NHI. Furthermore, the OHSC is proactively advancing the decentralisation of its functions to reduce inspection costs while enhancing coverage, ensuring that healthcare quality is accessible to all South Africans regardless of their geographical location.

In conclusion, the Board wishes to express its gratitude to the Minister of Health for his ongoing support and guidance to the OHSC. We would also like to extend our sincere thanks to the dedicated OHSC team and stakeholders for their invaluable partnership in this critical mission. This includes the Health Portfolio Committee, provincial health departments, private health entities, health establishments, healthcare providers, regulators, and communities.

Dr Ernest Kenoshi

Chairperson of the Board

Office of Health Standards Compliance

Date: 29 July 2025



he Office of Health Standards Compliance (OHSC) presents its Annual Report for 2024/25. This report details progress made in implementing its Annual Performance Plan (APP) for that period and marking the end of its 2020/25 Strategic Plan cycle. Established under the National Health Amendment Act, 2013 (Act No. 12 of 2013), the OHSC is an independent health regulator with the mandate of ensuring that health establishments in South Africa, such as major hospitals, clinics, and independent practices, meet the necessary standards for providing healthcare services.

In this report, the OHSC reflects on its achievements and challenges over the past years while continuing to enhance the strategic objectives outlined in its 2020/25 Strategic Plan. The OHSC successfully achieved 16 out of 23 output indicators, resulting in a service delivery performance of 69.6% (16 out of 23). Of the 16 indicators achieved, 10 (62.5%) are from the core programmes, while 6 (37.5%) are from the support programmes.

The OHSC, as a healthcare quality assurance regulator, follows the guidelines established by the Minister of Health. During the reporting period, the OHSC developed and updated inspection tools for central hospitals (Version 1) and provincial tertiary hospitals (Version 1). Furthermore, the OHSC provided annual updates for the clinic inspection tool (Version 1.4.1), community health centre tool (Version 1.3.1), district hospital inspection tool (Version 1.4), and private acute hospital

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Dr Siphiwe Mndaweni *Chief Executive Officer*

inspection tool (Version 1.2.1). These updates aim to ensure consistency in data analysis and performance monitoring. The OHSC successfully launched a self-assessment system for private acute hospitals, training over 3,000 users, with 202 hospitals completing their assessments. Additionally, the OHSC conducted 43 workshops, surpassing the target of 27, and organised a roadshow for academic hospitals to introduce the new inspection tools.

Orientation visits for Emergency Medical Services (EMS) inspection tools were held to provide insights into the environments where the tools would be applied. Progress was made on inspection tools for general practices (GPs), culminating in a national workshop that awarded continuing professional development (CPD) points to participating GPs. Pilot testing helped refine the tools before final approval by the board. A key development was the concept for the registration and profiling of health establishments and improvements to the early warning system (EWS). In the next five years, the OHSC plans to enhance these processes for timely reporting and real-time monitoring of indicators.

The OHSC is responsible for conducting routine and additional inspections of various health establishments in the public and private sectors to monitor compliance with prescribed regulations.

During the reporting period, the OHSC inspected 715 health establishments in the public sector, surpassing the target by 26 inspections. In the private sector, 97 out of the targeted 110 health establishments were inspected, leaving 13 uninspected. A total of 92 non-compliant health establishments, 43 of these inspections were conducted virtually. Additionally, three risk-based inspections were performed, and two bi-annual reports were issued and published on the OHSC website in accordance with Regulation 31 of the

Procedural Regulations. A total of 1,373 compliant health establishments received certificates of compliance, with 1,252 of these issued within 15 working days, resulting in a compliance achievement rate of 91.19%. This marks a slight increase from the previous year's 91.0% but still falls short of the aspirational standard.

Enforcement actions were taken against 35 establishments that were persistently non-compliant, with 34 of them receiving enforcement actions within ten working days, achieving a compliance rate of 97.14%. The OHSC also conducted pre-enforcement consultative sessions in 13 districts, including eight in the Eastern Cape and five in the Free State, to educate healthcare leaders on enforcement processes. Furthermore, significant progress was made in developing a draft certification framework for NHI conditional accreditation in collaboration with the NHI Fund.

The OHSC complies with legal regulations for collecting, processing, storing, and sharing information. The Information, Communication Technology (ICT) systems were enhanced, from electronic inspection tools to streamlining the online registration process for GPs. Security systems were further improved to better protect data from digital attaches and improve cyber security. A two factor authentication (2FA) to reduce unauthorised access.

In terms of complaints management, the OHSC collaborates with the Health Ombud to manage complaints regarding breaches of health norms fairly and efficiently. Complaints are classified by risk levels: low, medium, high, and extreme, with high and extreme cases referred for investigation. In total, the Health Ombud received 3,810 complaints, resolving 3,645 within 25 working days, achieving a call centre performance of 95.67%, above the 90% target. Out of 110 handled cases, 76 were resolved within 30 days. Fifty-one high and extreme-risk cases were investigated across nine provinces, with Gauteng having the highest at 14 cases (27.45%). Eastern Cape, Western Cape, and North-West each had six cases (11.76%), while KwaZulu-Natal and Limpopo had five (9.8%), Free State four (7.84%), Mpumalanga three (5.88%), and Northern Cape two (3.92%). As part of the National Preventive Mechanism, the Health Ombud conducted 72 NPM visits across seven provinces to monitor the treatment of individuals in places of deprivation of liberty, including police stations and psychiatric institutions.

During the review period, a total of 22 positions were filled within four months of becoming vacant,

resulting in a 86.4% success rate. The OHSC conducted a diagnostic assessment of its Human Resource (HR) functions to evaluate the alignment of HR practices and policies with the organisation's goals, identifying areas of strength and opportunities for improvement. This assessment provided actionable insights to optimise HR processes, enhance talent management, and ultimately drive organisational performance.

The OHSC continued to enhance its communication and stakeholder engagement efforts during this period. The entity successfully met, and in many cases exceeded, its communication targets, effectively contributing to the overarching goal of improving understanding of its role and powers. Twenty-three (23) community stakeholder engagements to raise public awareness of the role and powers of the OHSC and Health Ombud were conducted. This includes media interviews from various media houses and radio interviews by the CEO and the Health Ombud. Sixteen (16) private sector engagements to raise awareness on the role and powers of the OHSC and Health Ombud were also conducted.

General financial review

The total revenue increased by 12% from R164,449,593 in 2023/24 to R184,540,580 in 2024/25. The OHSC's expenditure increased from R183,892,113 in 2023/24 to R196,805,836 in 2024/25, which represented an increase of 7%. Due to the nature of its current operations, the total expenditure for the OHSC's core functions was 58%, and the support functions accounted for 42% of the total expenditure. The NHI Act has been promulgated, and it places the OHSC as one of the key stakeholders in its implementation as it requires that all health establishments must obtain certification to participate in the NHI fund.

Taking this into account, the OHSC's scope of work is enormous and requires sufficient funding to be able to be executed efficiently. Currently, the OHSC faces human resource capacity constraints as a result of the limited funding, and this will impact the OHSC's ability to deliver on its mandate.

discontinued

There were no discontinued key activities in the OHSC during the year under review.

Requests for rollover of funds

During the year under review, the OHSC requested the National Treasury to retain the surplus of R11.9 million for the 2023/24 financial year, and this was approved. The surplus was largely used to fund the employment of staff on short-term contracts to supplement the existing capacity, as well as other operational activities.

Supply chain management

The OHSC has in place supply chain management policies and procedures for procurement activities and applies the National Treasury prescripts to ensure compliance with legislative requirements.

All concluded unsolicited bid proposals for the year under review

No unsolicited bid proposals were concluded for the year under review. Measures that were put in place to prevent and detect irregular expenditure included revised and optimised procurement delegations; continuous review of supply chain management circulars and policies to align with new directives issued by the National Treasury. There is continuous engagement with Internal Audit, Internal Control, and risk management to identify emerging risks.

Audit report matters from the previous year and how they would be addressed

During the review period, the OHSC implemented its Internal Audit Charter, requiring the Internal Audit function to assess the effectiveness of governance, internal controls, performance, and risk management for the Audit, Risk, and Finance Committees. The OHSC's risk management policy mandates periodic risk assessments to evaluate the strategy's effectiveness and identify emerging risks. A strategic risk assessment was conducted, resulting in the updated operational and strategic risk register, which identified major risks and corresponding control strategies.

Discontinued key activities/activities to be Challenges experienced and how they will be resolved

Despite facing limited financial and human resources, the OHSC remains committed to fulfilling its legal mandate. However, the limited number of permanently funded positions within the organisation continues to hinder its operations. These constraints have affected the OHSC's ability to expand inspections, develop additional inspection tools and its certification and enforcement. Consequently, the OHSC appointed short term contract employees, some in critical positions to assist in managing the workload.

I would like to extend my gratitude to the OHSC Board for their significant support in guiding and overseeing operations. I also wish to recognise the OHSC management team and staff members for their resilience and dedication. Their collective efforts have ensured that the OHSC stays on track in achieving its objectives.

Dr Siphiwe Mndaweni Chief Executive Officer

daws

Office of Health Standards Compliance

Date: 29 July 2025

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, the following is correct:

- All information and amounts disclosed in the annual report are consistent with the annual
 financial statements audited by the Auditor-General of South Africa. The annual report is
 complete, accurate, and free from any omissions. The annual report has been prepared in
 accordance with the guidelines on the annual report as issued by the National Treasury.
 The Annual Financial Statements (Part F) have been prepared in accordance with the
 Generally Recognised Accounting Practice standards applicable to the public entity.
- The Accounting Authority is responsible for the preparation of the annual financial statements and the judgements made in this information. The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements. In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2025.

Yours faithfully,

Dr Siphiwe Mndaweni Chief Executive Officer

Date: 29 July 2025

Dr Ernest Kenoshi Chairperson of the Board

Date: 29 July 2025

6. STRATEGIC OVERVIEW



Consistent, safe, and quality healthcare for all.

We monitor and enforce healthcare safety and quality standards in health establishments independently, impartially, fairly, and fearlessly on behalf of healthcare users.

The OHSC upholds key values that guide its mission to ensure and promote safe, quality healthcare services in South Africa. These values include:



7. LEGISLATIVE AND OTHER MANDATES

The OHSC was established under the National Health Amendment Act (No 12 of 2013) (NHAA) to promote and protect the health and safety of users of health services. The OHSC is listed as a Schedule 3A public entity in terms of the Public Finance Management Act (PFMA). The organisation derives its mandate from the Constitution – particularly sections 9, 12 and 27, the NHAA and various other national laws, regulations, and policies. These are briefly described below:

7.1 Constitution Mandate

7.1.1 The Constitution of the Republic of South Africa (Act No 108 of 1996)

The Bill of Rights in the South African Constitution underpins the entire health system. Section 27 of the South African Constitution establishes a universal right to have access to healthcare services, including reproductive health services and emergency medical treatment. It states categorically that nobody may be refused emergency medical treatment. The Constitution requires the state to take reasonable legislative and other measures, within available resources, to achieve the progressive realisation of access to healthcare. Section 28 of the South African Constitution provides an important benchmark in the protection of children in South Africa as principles

derived from international law on children's rights are now enshrined as the highest law of the land. It states that every child has a right to basic health care services.

The regulation of the quality of health services requires all health establishments to comply with policy priorities and minimum standards of care. In this manner, quality regulation contributes directly to the government's progressive realisation of its constitutional obligations.

The OHSC conducts its work with due regard to the fundamental rights contained in the Constitution and other related legislation.

7.1.2 The National Health Act, 2003 (Act No 61 of 2003)

The National Health Act, 2003 (Act No. 61 of 2003) (NHA) reaffirms the constitutional rights of users to access health services and just administrative action. As a result, Section 18 allows any user of health services to lay a complaint about how he or she was treated at a health establishment. The NHA further obliges Members of the Executive Councils (MECs) to establish procedures for dealing with complaints within their areas of jurisdiction. Complaints provide useful feedback on the areas within health establishments that do not comply with prescribed standards or pose a threat to the health and safety of users and healthcare staff alike.

The NHA provides the overarching legislative framework for a structured and uniform national healthcare system. The Act highlights the rights and responsibilities of healthcare providers and users. It ensures broader community participation in healthcare delivery from health facilities to the national level.

The objects of the OHSC in Section 78 of the National Health Amendment Act, 2013 (Act No. 12 of 2013) NHAA are to protect and promote the health and safety of users of health services by:

- Monitoring and enforcing compliance by health establishments with norms and standards prescribed by the Minister concerning the national health system; and
- Ensuring that complaints about non-compliance with prescribed norms and standards are considered, investigated, and disposed of in a procedurally fair, economical, and expeditious manner.

In terms of Section 79 of the NHAA, **the OHSC must:**

- Advise the Minister on matters relating to norms and standards for the national health system and the review of such norms and standards or any other matter referred to it by the Minister;
- Inspect and certify compliance by health establishments with prescribed norms and standards, or where appropriate and necessary, withdraw such certification;
- Investigate complaints relating to breaches of prescribed norms and standards;
- Monitor indicators of risk as an early-warning system relating to serious breaches of norms and standards and report any breaches to the Minister

- without delay;
- Identify areas and make recommendations for intervention by a national or provincial department of health, a health department of a municipality, or a health establishment, where necessary, to ensure compliance with prescribed norms and standards;
- Publish any information relating to prescribed norms and standards through the media and, where appropriate, within specific communities;
- Recommend quality assurance and management systems for the national health system to the Minister for approval;
- · Keep records of all OHSC activities; and
- Advise the Minister on any matter referred to it by the Minister.

In addition, the OHSC may:

- Issue guidelines for the benefit of health establishments on the implementation of prescribed norms and standards;
- Collect or request any information relating to prescribed norms and standards from health establishments and users;
- Liaise with any other regulatory authority, and without limiting the generality of this power, request information from, exchange information with, and receive information from any such authority in respect of matters of common interest or a specific complaint or investigation; and
- Negotiate cooperative agreements with any regulatory authority to coordinate and harmonise the exercise of jurisdiction over health norms and standards and ensure the consistent application of the principles of the Act.

7.1.3 Norms and Standards Regulations Applicable to Different Categories of Health Establishments, 2018

The Minister of Health promulgated the Norms and Standards Regulations in February 2018. The Norms and Standards Regulations, in terms of section 90 (1) (b) and (c) of the National Health Act, 2003 (Act No. 61 of 2003), are applicable to different categories of health establishments and came into operation in February 2019.

They apply to the following categories of health establishments:

- Public sector hospitals, as set out in Government Gazette, No 35101;
- Public sector clinics;

- Public sector community health centres;
- Private sector acute hospitals;
- General Practices; and
- Private sector Primary Health Care clinics and centres.

The Norms and Standards Regulations will apply to other categories of health establishments contemplated in section 35 of the Act once the Minister has prescribed specific norms and standards for such categories. The requirements for different types of health establishments in South Africa are detailed in the Norms and Standards Regulations of the National Health Act, 2003. These regulations aim to ensure that health services are delivered in a safe, effective, and patient-centred manner. The key areas covered by these regulations include:

- · User Rights;
- Clinical Governance and Clinical Care;
- Clinical Support Services;
- · Facilities and Infrastructure; and
- · Governance and Human Resources.

7.1.4 Procedural Regulations Pertaining to the Functioning of the Office of Health Standards Compliance and Handling of Complaints by the Ombud, 2016

The procedural regulations guide operations and exercise of powers conferred to OHSC, the Board, and the Office of the Health Ombud.

The regulations cover the following areas:

- Collection of information from health establishments and designation and duties of the person in charge;
- Appointment of inspectors, training, and expertise;
- · The inspection process and timelines;
- · Additional inspections;
- Entry and search of premises including priorconsent procedures or the application for a warrant if required;
- Processes of certification, renewal, and suspension;
- Compliance notice and enforcement process, including formal hearing, revocation of a certificate, fines, or referral to prosecuting authority, appeals and reporting;
- Complaints handling, investigation, and resolution procedures, lodging of complaints, screening, investigation and reporting and turnaround times; and
- General provisions about using prescribed forms

(listed in Schedule 1).

7.1.5. National Health Insurance Act, 2023 (Act No. 20 of 2023)

The government, through the National Department of Health, introduced Universal Health Coverage through the National Health Insurance Fund. President Cyril Ramaphosa signed the National Health Insurance Bill into law on 15 May 2024. The National Health Insurance (NHI) aims to provide access to high-quality healthcare services for all citizens, regardless of their financial situation.

National Health Insurance Act, 2023 (Act 20 of 2023) section 39(2)(b) states that to be accredited by the Fund, a health care service provider or health establishment, as the case may be, must be, in possession of and produce proof of certification by the Office of Health Standards Compliance. Section 39(12) states that the Fund may grant conditional accreditation to a health care service provider or health establishment as prescribed by the Minister after consultation with the Office of Health Standards Compliance.

For the OHSC to fulfil its role as prescribed in implementing the NHI, increasing the OHSC compliance inspection coverage in the healthcare sector is imperative. It is also vital to note that the OHSC's importance lies in its role under the NHI and in the overall improvement of healthcare quality in South Africa as it relates to healthcare establishments. Healthcare facilities will only be part of the NHI system if they meet the prescribed norms and standards of care and are certified by the OHSC. Therefore, this provision in the Act outlines and underscores the crucial role the OHSC will play in implementing NHI in the country. The OHSC will guide and inspect health facilities and only certify those meeting compliance requirements.

7.1.6 Public Finance Management Act, 1999 (Act No 1 of 1999)

Section 50 of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA) sets out the fiduciary duties of accounting authorities. Section 51 sets out the responsibilities of accounting authorities. The PFMA regulates public sector managers to manage and improve accountability by eliminating waste and corruption in the use of public funds. The act enables public sector managers to manage and improve accountability in terms of eliminating waste and

corruption in the use of public funds. OHSC is listed as a Schedule 3A public entity.

7.1.7 The Protection of Personal Information Act, 2013 (Act No 4 of 2013)

The purpose of the Protection of Personal Information Act, 2013 (Act No. 4 of 2013) (PoPI Act) is to ensure that all South African institutions, including the OHSC, responsibly conduct themselves when collecting, processing, storing, and sharing personal information by holding them accountable should they abuse or compromise such information in any way. The PoPI Act regards personal information as "precious goods" and gives owners of personal information certain rights of protection and the ability to exercise control over:

- When and how the information is shared (requires individual consent);
- The type and extent of information that is shared (must be collected for valid reasons);
- The transparent and accountable use of the data (limited to the purpose) and notification if/when the data are compromised;
- Who accesses personal information and the right to have personal data removed and/or destroyed;
- Adequate measures and controls to access personal information and tracking access to prevent unauthorised access;
- The storage of personal information (requires adequate measures and controls to safeguard personal information and protect it from theft or being compromised; and
- The integrity and continued accuracy of personal information (must be captured correctly and maintained by the institution/ person who accessed it).

7.1.8 Promotion of Access to Information Act, 2000 (Act No 2 of 2000)

Section 32 (1) (a) of the Constitution states that everyone has a right to access any information held by the state or another person to protect any rights. The Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) (PAIA) gives all South Africans the right to access records held by the state, government institutions and private bodies.

The objectives of the PAIA are to:

- Ensure that the state promotes a human rights culture and social justice;
- Encourage openness and establish voluntary and mandatory mechanisms;
- · Establish procedures for the right to access

- information quickly, effortlessly, cost-effectively, and as reasonably as possible;
- Promote transparency, accountability, and effective governance of all public and private bodies by empowering and educating everyone to understand their rights in terms of the PAIA and to public and private bodies;
- Create and understanding of the functions and operation of public bodies; and
- Encourage the scrutiny of and participation in decision-making by public bodies that affect individual/public rights.

7.1.9 Promotion of Administrative Justice Act, 2000 (Act No 3 of 2000)

Section 33 (1) and (2) of the Constitution guarantees that administrative action will be reasonable, lawful, and procedurally fair, and it makes sure that people have the right to ask for written reasons when administrative action has a negative impact on them. Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) (PAJA) aims to make the administration effective and accountable to people for its actions. The objectives of the PAJA are to:

- Promote an efficient administration and good governance; and
- Create a culture of accountability, openness, and transparency in the public administration.

7.1.10 Disaster Management Act, 2002 (Act No 57 of 2002)

The Disaster Management Act, 2002 (Act No. 57 of 2002) (DMA) provides for an integrated and coordinated disaster management policy in South Africa that focuses on preventing and reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post-disaster recovery. It regulates the establishment of national, provincial, and municipal disaster management centres.

7.1.11 Preferential Procurement Policy Framework Act, 2000 (Act No 05 of 2000)

The Preferential Procurement Policy Framework Act, 2000 (Act No. 05 of 2000) (PPPFA) gives effect to Section 217 (3) and provides a framework for the implementation of the procurement policy contemplated in Section 217 (2) of the Constitution.

7.1.12 Skills Development Act, 1998 (Act No 97 of 1998)

The Skills Development Act, 1998 (Act No. 97 of 1998) (SDA) provides an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce.

7.1.13 Employment Equity Act, 1998 (Act No 55 of 1998)

The Employment Equity Act, 1998 (Act No. 55 of 1998) serves as a mechanism to redress the effects of unfair discrimination and to assist in the transformation of workplaces, so as to reflect a diverse and broad representative workforce.

7.1.14 Intergovernmental Relations Framework Act, 2005 (Act No13 of 2005) (IRFA)

Establishes a framework for national, provincial, and local governments to promote and facilitate intergovernmental relations and to provide a mechanism and procedure to facilitate the settlement of intergovernmental disputes.

7.2 Policy Mandates

Several national health and development policies play a significant role in the way the OHSC interprets and implements its mandate. Such policies are, in some cases, aligned with regional and global health and development imperatives.

7.2.1 National Health Insurance Act, 2023 (Act no. 20 of 2023)

The government, through the National Department of Health, introduced Universal Health Coverage through the National Health Insurance Fund. President Cyril Ramaphosa signed the National Health Insurance Bill into law on 15 May 2024. The National Health Insurance (NHI) aims 4 to provide access to high-quality healthcare services for all citizens, regardless of their financial situation. National Health Insurance Act, 2023 (Act 20 of 2023) section 39(2)(b) states that in order to be accredited by the Fund, a health care service provider or health establishment, as the case may be, must be in possession of and produce proof of certification by the Office of Health Standards Compliance. Section 39 (12) states that the Fund may grant conditional accreditation to a health care service

provider or health establishment as prescribed by the Minister after consultation with the Office of Health Standards Compliance.

For the OHSC to fulfil its role as prescribed in implementing the NHI, increasing the OHSC compliance inspection coverage in the healthcare sector is imperative. It is also vital to note that the OHSC's importance lies not only in its role under the NHI but also in the overall improvement of healthcare quality in South Africa as it relates to healthcare establishments. Healthcare facilities will only be part of the NHI system if they meet the prescribed norms and standards of care and are accredited by the OHSC. Therefore, this provision in the Act outlines and underscores the crucial role the OHSC will play in implementing NHI in the country. The OHSC will guide and inspect health facilities and only certify those that meet the minimum compliance requirements.

7.2.2 National Development Plan

The National Development Plan 2030 (NDP) asserts that a health system with positive health outcomes for the country is possible and will:

- Raise the life expectancy of South Africans to at least 70 years;
- Ensure that the under-20s generation is largely free of HIV;
- Significantly reduce the burden of disease; and
- Achieve an infant mortality rate of fewer than 20 deaths per thousand live births and under-5 mortality rate of fewer than 30 per thousand.

Priority 2 in chapter 10 focuses on strengthening the healthcare system and recognises the OHSC as the independent entity mandated to promote quality by measuring, benchmarking, and accrediting performance against quality standards. A specific OHSC focus is achieving common basic standards in the public and private sectors.

7.2.3 Medium-Term Strategic Framework 2019 – 2024

The purpose of the Medium-Term Strategic Framework (MTSF) is to outline the government's strategic intent in implementing its electoral mandate and the vision of the NDP. The current MTSF aims to address unemployment, inequality, and poverty. Its approach features three main pillars: achieving a more capable state, driving a strong and inclusive economy, and building the capabilities of South Africans. Education,

skills, and health are grouped together as a strategic priority.

7.2.4 Transforming our World: The 2030 Agenda for Sustainable Development, 2015

The Sustainable Development Goals (SDGs) are part of the United Nations' global agenda, comprised of 17 interlinked goals, with a vision of ending poverty, protecting the planet, and ensuring that humanity enjoys peace, prosperity, and a sustainable future. The agenda appreciates that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development.

7.2.5 National Policy on Quality in Healthcare

The National Policy on Quality in Healthcare, adopted in 2001, was revised in 2007. It identifies mechanisms to improve the quality of healthcare in the public and private sectors and highlights the need to involve health professionals, communities, patients and the broader healthcare delivery system in capacity-building efforts and quality initiatives.

The objectives of the policy are to:

- Improve access to quality healthcare;
- Increase patients' participation and the dignity afforded to them;
- Reduce underlying causes of illness, injury and disability;
- Expand research and produce evidence of effectiveness of treatments suited to South African needs:
- Ensure the appropriate use of services; and
- Reduce errors in healthcare.

7.2.6 Batho Pele and the Patients' Rights Charter

The *Batho Pele* principles govern all public services and seek to put "people first" by encouraging a service-oriented culture among public servants. The *Batho Pele* principles are:

- Regular consultation with service users;
- Setting of service standards;
- Increasing access to services;
- Ensuring higher levels of courtesy;
- Providing more and better information about services;
- Increasing transparency about services;
- · Remedying failures and mistakes; and
- Giving the best possible value for money.

The complementary Patient's Rights Charter lists a range of rights including confidential care, provision of information about one's health condition, informed choice regarding treatment, continuity of care, and having service complaints addressed.

7.2.7 Presidential Health Summit Compact, 2023

The Presidential Health Compact Summit 2023 focused on reviewing the progress made since the inaugural summit in 2018 and addressing ongoing challenges in South Africa's healthcare system. The summit identified 10 key areas for intervention to advance the implementation of National Health Insurance (NHI), which is essential for preparing the health system to serve the entire population and ensure access to quality healthcare.

The summit brought together various stakeholders, including government officials, health professionals, and civil society, to discuss and develop solutions for improving healthcare delivery to achieve Universal Health Coverage (UHC) and sustainable development. A key focus was the implementation of the NHI and the establishment of a National Public Health Institute. In relation to the OHSC, the summit emphasised the importance of maintaining high standards in healthcare facilities across the country.

The OHSC plays a crucial role in ensuring that health establishments adhere to quality standards and regulations, which are essential for implementing the NHI. Discussions highlighted the need for robust monitoring and evaluation mechanisms to ensure compliance and improve overall healthcare quality.

7.2.8 African Union Agenda 2063

African Union Agenda 2063 envisages an integrated, peaceful continent where prosperity is achieved through inclusive growth and sustainable development, and human rights and democratic practices are observed. It recognises that the health and nutrition of the population contribute to growth, and that capable institutions are necessary to build a rights-based culture.

7.2.9 Sendai Framework for Disaster Risk Reduction

The Sendai Framework is a non-binding voluntary framework, adopted at a global UN conference in 2015, that aims to enhance countries' disaster preparedness, resilience, and recovery in order to reduce loss of life, livelihoods, health and social assets.

7.3 Other Related Legislations

Due to the complex environment within which OHSC operates, it is necessary to list a series of related legislation that influences and impacts its functions:

7.3.1 Medical Schemes Act (Act No 131 of 1998)

The Medical Schemes Act, 1998 (Act No 131 of 1998) regulates the medical schemes industry. The Act plays a crucial role in the regulatory framework within which the Office of Health Standards Compliance (OHSC) operates. The OHSC, as a regulatory authority overseeing healthcare quality and patient safety, aligns its mandate with the provisions of the Act to ensure that healthcare facilities adhere to national health standards. Through its inspections, compliance monitoring, and enforcement actions, the OHSC contributes to upholding the objectives of the Medical Schemes Act, ensuring that beneficiaries receive safe and high-quality healthcare services.

7.3.2 Medicines and Related Substances Act, 1965 (Act No 101 of 1965), as Amended

The Medicines and Related Substances Act, 1965 (Act No. 101 of 1965) provides for the regulation, control, and registration of medicines and related substances in South Africa, ensuring their safety, efficacy, and quality and provides for pricing transparency. It establishes and defines the mandate of the South African Health Products Regulatory Authority (SAHPRA). The Act ensures that health establishments comply with the legal requirements for the safe and ethical handling, storage, and dispensing of medicines.

The OHSC inspects health establishments to ensure that medications are stored appropriately, prescriptions are handled by qualified professionals, and patients receive medications in line with regulatory standards. By enforcing compliance with this Act, the OHSC helps safeguard public health, promote the responsible use of medicines, and reduce the risks of medication errors, thereby ensuring safe and effective healthcare delivery.

7.3.3 National Health Laboratory Service Act (Act No 37 of 2000)

The National Health Laboratory Service Act (Act No. 37 of 2000) provides for the establishment of the National Health Laboratory Service (NHLS) in South Africa. The Act provides the mandate for the National Health Laboratory Service, supplier of laboratory services to

the public health sector and any private health care provider that requests such services. The OHSC, which is responsible for monitoring and enforcing compliance with health standards, relies on the integrity and efficiency of laboratory services for accurate disease surveillance, diagnosis, and reporting.

7.3.4 Health Professions Act, 1974 (Act No 56 of 1974)

The Health Professions Act, 1974 (Act No. 56 of 1974) establishes the Health Professions Council of South Africa (HPCSA) and governs the regulation and registration of healthcare professionals. This Act is vital in ensuring that healthcare professionals operating within health establishments are qualified, competent, and adhere to ethical standards. The OHSC verifies that practitioners meet professional requirements during inspections. This verification supports the OHSC's mandate to promote patient safety and ensure that health establishments maintain high standards in service provision through appropriately regulated health personnel.

7.3.5 Pharmacy Act, 1974 (Act No 53 of 1974)

The Pharmacy Act, 1974 (Act No 53 of 1974) regulates the pharmacy profession through the Pharmacy Council of South Africa. This Act plays an important role in ensuring that pharmaceutical services within health establishments comply with legal and professional standards. The OHSC assesses whether pharmacies operate in accordance with the provisions of the Act, including proper storage, dispensing, and record-keeping of medicines, as well as ensuring the presence of qualified personnel.

7.3.6 Nursing Act, 2003 (Act No 33 of 2005)

The Nursing Act, 2005 (Act No. 33 of 2005) governs the nursing profession in South Africa through the South African Nursing Council (SANC), which is responsible for the regulation, registration, and oversight of nurses and midwives. This Act is significant in ensuring that nurses working in the health establishments are properly trained and professionally registered. The OHSC evaluates compliance with health standards, including professional registration of nursing staff with SANC, as part of its inspections and monitoring processes. By aligning with the Nursing Act, the OHSC helps uphold quality patient care, professional accountability, and ethical nursing practices, which are essential for maintaining safe and effective healthcare services across the country.

7.3.7 Allied Health Professions Act (No 63 of 1982)

The Allied Health Professions Act, 1982 (No 63 of 1982) regulates health practitioners such as chiropractors, homeopaths and others through the Allied Health Professions Council of South Africa. The Act is significant in ensuring that all allied health professionals who practice within health establishments are properly registered, qualified, and adhere to ethical standards.

7.3.8 Dental Technicians Act (Act No 19 of 1979)

The Dental Technicians Act,1979 (Act No. 19 of 1979) regulates dental technicians through the establishment of the South African Dental Technicians Council (SADTC). It regulates the profession of dental technicians and technologists in South Africa and supports the mandate of the OHSC to ensure compliance with health standards and professional regulation in healthcare settings.

7.3.9 Hazardous Substances Act (Act No 15 of 1973)

The Hazardous Substances Act (Act No. 15 of 1973) controls the import, manufacture, sale, use, handling and disposal of hazardous substances, particularly those that emit radiation. This Act plays a crucial role in ensuring the safety of patients, healthcare workers, and the environment within the healthcare establishments.

7.3.10 Foodstuffs, Cosmetics and Disinfectants Act (Act No 54 of 1972)

The Foodstuffs, Cosmetics and Disinfectants Act (Act No. 54 of 1972) regulates foodstuffs, cosmetics and disinfectants and sets quality and safety standards for their manufacturing, importation, and sale to ensure they are safe for human use and consumption.

7.5.7 Ailled Health Professions Act (NO 65 of 1962)

7.3.11 Occupational Diseases in Mines and Works Act (Act No 78 of 1973)

The Occupational Diseases in Mines and Works Act (ODMWA), Act No. 78 of 1973 provides for medical examination of persons who might have contracted occupational diseases, especially while working in the mining sector, and for relevant compensation.

7.3.12 Occupational Health and Safety Act (Act No 85 of 1993)

The Occupational Health and Safety Act (Act No. 85 of 1993) protects the health and safety of persons at work and other persons exposed to health and safety hazards related to activities of persons at work. The Occupational Health and Safety Act underpins the OHSC's role in promoting health and safety compliance in healthcare settings, protecting both workers and the public from preventable harm.

7.3.13 Labour Relations Act (Act No 66 of 1995)

The Labour Relations Act, 1995 (Act No. 66 of 1995 gives effect to the constitutional right of employees and employers to fair labour practices collective bargaining, and the resolution of labour disputes.

8. ORGANISATIONAL STRUCTURE

The current operational structure of the OHSC was approved by the Board in 2019, consisting of 323 posts according to planned organisational growth. This was an outcome of an organisational development and design process where the structure was adjusted to ensure that it remained relevant and appropriate to organisational requirements. In keeping with the new strategic planning cycle 2025-2030 which coincided with the seventh administration of government, the OHSC undertook another review of the business operating

model and organogram to create a new structure that will be fit for purpose. The review of the organisational structure is driven by the need to align the current structure with the strategy, to streamline, to improve and integrate processes for effective and efficient business operations. The timeline set to have a final new structure in place is the second quarter of the new financial year 2025/2026, to allow sufficient time for investigating the best model and structure, allow adequate consultation, and change management to support implementation.

The revised operating model is currently underway, units inputs towards organisational requirements obtained, and the entity will engage in the organisational restructure design.

This structure review is driven by the need to align the current organisational structure with the strategy, streamline, improve and integrate processes for effective and efficient business operations.

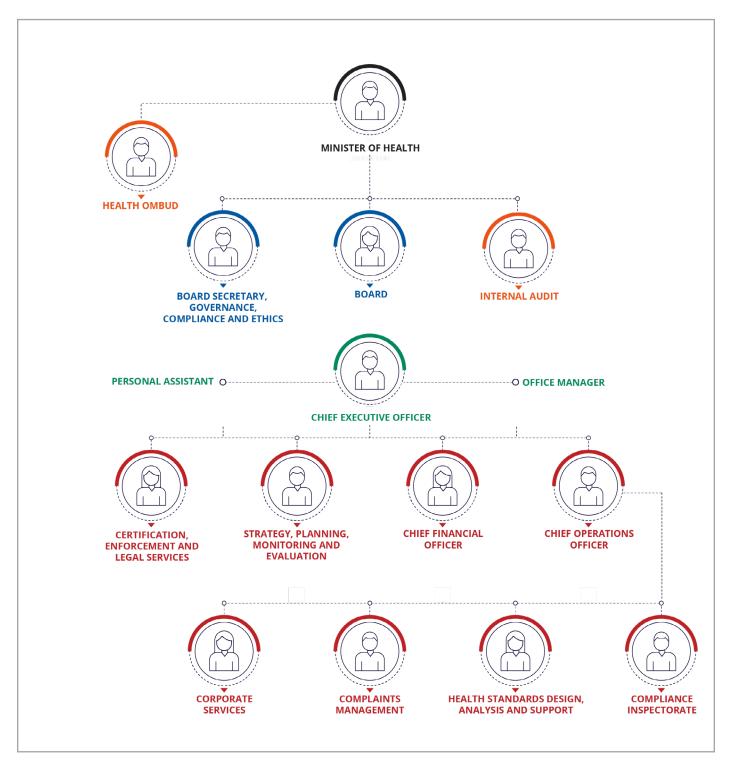


Figure 1: OHSC Organisational Structure, 2019



PART B: PERFORMANCE INFORMATION

9. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on the performance information to report material findings on the usefulness and reliability of the reported performance information against predetermined objectives presented in the annual performance report. The audit conclusion on the performance against predetermined objectives is included in the report to management, with no material findings on the reported performance information of the selected material performance indicators.

Refer to page 77 of the Auditors Report, published as Part E: PFMA Compliance Report, heading 36.

10. OVERVIEW OF PERFORMANCE

10.1. Service Delivery Environment

This annual report shows the overall performance attained by the OHSC in the implementation of its 2024/25 Annual Performance Plan (APP). As a Schedule 3A public entity, the OHSC is mandated to monitor and enforce compliance by health establishments with the norms and standards prescribed by the Minister of Health. Furthermore, the OHSC is entrusted with the responsibility to consider, investigate, and resolve complaints pertaining to non-compliance in a manner that is procedurally fair, economically sound, and expeditious. The OHSC's mandate applies to all categories of health establishments throughout the Republic of South Africa.

During the period under review, the OHSC achieved sixteen (16) out of the twenty-three (23) output indicators. This translates into a service delivery performance of 69.6% (16/23). Of the sixteen achieved indicators, 10/16 (62.5%) emanate from the core programmes and 6/16 (37.5%) emanate from the support programmes.

The OHSC continued to develop different inspection tools for the various categories of health establishments following a consultative process that involves key stakeholders, including the relevant health establishments in that category.

The approach adopted by the OHSC in the development of inspection tools is incremental through the different categories of health establishments and various levels of care. The Central and Tertiary Hospital Inspection Tools were finalised and implemented, while the General Practice Inspection Tools were piloted, finalised, and are scheduled for implementation in October 2025.

To support implementation of the norms and standards regulations, the OHSC conducted guidance and support workshops, achieving 159% (43) of its set target of 27. A roadshow for Central and Academic Hospitals was also held, which was well received by the implementers of the inspection tools.

The Self-Assessment System for Private Acute Hospitals was launched, and 89% (212/227) of hospitals completed their self-assessments during the financial year. To support implementation and understanding, training materials including instructional videos were developed to assist implementers in navigating the inspection tools more effectively.

The system was further enhanced to generate autopopulated Quality Improvement Plans (QIPs) based on the self-assessment results, enabling health establishments to address identified gaps efficiently.

Furthermore, the OHSC developed three recommendation reports and submitted them to the relevant authorities. These reports included one Northern Cape Province recommendations report focusing on the three most frequently non-compliant standards, one National Annual Returns (AR) and one National Early Warning System (EWS) recommendation report.

The OHSC is responsible for conducting routine compliance and additional inspections in different categories of health establishments, both in public and private sectors, including primary healthcare (PHC), community health centres (CHCs), district, regional and tertiary hospitals. This function aligns with the broader mandate of the OHSC to monitor compliance with prescribed norms and standards.

During 2024/25 financial year, the OHSC conducted 715 routine inspections at public health establishments against a target of 689, and 97 at private sector health establishments against a target of 110. Health establishments that failed to meet minimum compliance requirements of norms and standards regulations were issued with compliance notices outlining areas of breaches to be addressed.

In addition to routine inspections, reinspections were conducted for previously non-compliant health establishments to verify if non-compliance issues have been remedied. A total of 308 reinspections were carried out, with 303 in the public sector and 5 in the private sector. Furthermore, the Office conducted three risk-

based inspections in Helen Joseph Tertiary Hospital, Klerksdorp-Tshepong Provincial Tertiary Hospital and Prince Mshiyeni Memorial Regional Hospital. The figure below illustrates the total number of routine inspections conducted in the public sector by health establishment type.

Table 1: Distribution of inspected health establishments by province and health establishment type, FY 2024/25

Province	СНС	Clinics/ PHC	Hospitals	Grand Total	
Eastern Cape	8	154	8	170	
Free State	0	12	9	21	
Gauteng	12	78	12	102	
KwaZulu-Natal	8	74	7	89	
Limpopo	6	103	8	117	
Mpumalanga	10	42 6		58	
North West	3	46	5	54	
Northern Cape	4	22	6	32	
Western Cape	1	61	10	72	
Grand Total	52	592	71	715	

During the period under review, routine inspections were conducted at 97 private health establishments across all nine provinces. The table below depicts the number of private health establishments inspected per hospital group within each province.

Table 2: Total private healthcare routine inspections conducted by the OHSC per province, FY 2024/25

Provinces	Clinix	JMH	Life Healthcare	Mediclinic	Netcare	NHN	Grand Total
Eastern Cape	-	-	2	-	1	2	5
Free State	-	-	1	2	2	1	6
Gauteng	2	-	12	7	13	8	42
KwaZulu-Natal	-	4	6	3	1	1	15
Limpopo	-	-	-	3	-	1	4
Mpumalanga	-	-	1	1	-	1	3
North-West	-	-	-	2	-	2	4
Northern Cape	-	-	-	1	-	-	1
Western Cape	-	-	1	12	-	4	17
Grand Total	2	4	23	31	17	20	97

Post-inspection, findings are analysed using the Compliance Status Framework (CSF) to determine the compliance status outcome. Health establishments are classified as either compliant or non-compliant. Compliant establishments receive compliance certificates, while non-compliant ones are issued Compliance notices, detailing required improvements and timelines for achieving the necessary standards. Health establishments are certified when they meet the minimum compliance requirements against the regulated norms and standards. Enforcement actions are taken against health establishments that were reinspected and were found to be non-compliant with the norms and standards regulations.

A total of 1373 health establishments were certified during the 2024/25 financial year. Of the 1373 certified health establishments, 1012 were from routine inspections and 361 were from reinspections. Enforcement actions were taken by issuing written warnings against 35 health establishments that were found to be persistently non-compliant with the regulated norms and standards.

Health establishments were certified when they met the minimum compliance requirements against the regulated norms and standards. The graph below indicates the certified health establishments per province.

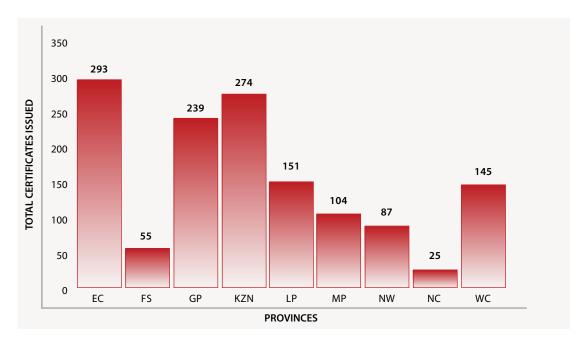


Figure 2: Total number of certificates issued per province, FY 2024/25

Enforcement actions were taken against health establishments that were found to be persistently non-compliant with the regulated norms and standards after a re-inspection. As part of the enforcement action, health establishments were issued with written warnings. A total of 35 health establishments that were found to be non-compliant after a re-inspection were issued with written warning. In addition, the bi-annual reports were produced for publication on the OHSC website.

The OHSC and the Health Ombud facilitated the resolution of 95.67% (3645/3810) of low-risk complaints within 25 working days of lodgement in the call centre and 69.1% (76/110) of medium risk complaints were resolved within 30 working days through assessment after receipt of a response from the complainant and/or the health establishment. The complaints are risk-rated as low, medium, high and extreme and all complaints that receive a high and extremely high-risk rating are referred for investigation. The distribution of low-risk cases across the provinces is presented in the figure below:

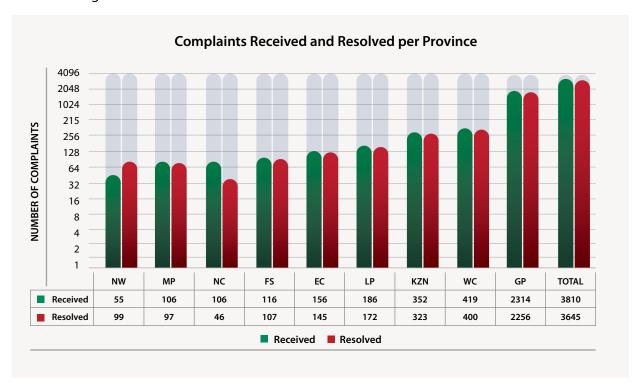


Figure 3: Low risk complaints received and resolved per province, FY 2024/25

The Health Ombud investigated and resolved a total of 51 high and extreme-risk cases across nine provinces. These included new cases as well as backlog cases. During the financial year under review, 48,78% (20/41) of complaints were resolved within six months, whilst 50% (16/32) of complaints were resolved within 24

months through investigation. In terms of the backlog cases, and the Health Ombud achieved 10.56% (15/142), exceeding the annual target of 2% by 8.56%. The figure below illustrates the total investigations conducted by the Health Ombud disaggregated per province during the FY 2024/25.

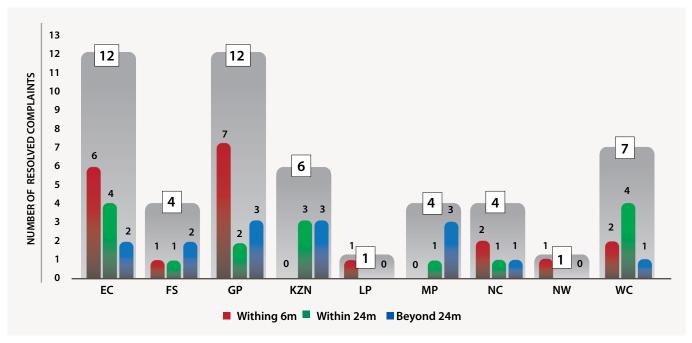


Figure 4: High and extreme cases investigated and resolved per province, FY 2024/25

Challenges encountered by OHSC during FY 2024/25

The OHSC is concerned about the limited response by health establishments in providing verifiable evidence that corrective actions have been taken to address areas of non-compliance identified during routine inspections. Upon receiving a preliminary inspection report, it is an established expectation that health establishments will upload supporting documentation and evidence of failed measures into the inspection system. This process is critical, as it enables inspectors to review the submitted evidence and assess its adequacy in addressing the identified deficiencies. Where the evidence is found to be credible and sufficient, the compliance status of the health establishment may be revised accordingly. However, the current lack of timely and comprehensive submissions undermines the effectiveness of the compliance improvement process and poses a challenge to the enforcement of health standards.

Poor road infrastructure in Eastern Cape, coupled with heavy rainfalls, led to inspection delays. The profiles of some health establishments were not updated, and some of the health establishments were decommissioned. This resulted in the disruption of the original inspection plan. Inspectors were prevented from conducting inspections in North-West Province (Zeerust Hospital) by the labour union members as they had grievances against the employer that were not resolved. This situation resulted in implementing a contingency plan and moving inspectors to another province. Community unrest also impacted negatively on the inspections and the psychological well-being of the inspectors. In Western Cape, SAPS escort was requested for inspectors who were assigned to inspect clinics around Cape Town Metropolitan.

The Health Ombud have been managing a substantial volume of complex complaints, many of which require the input of expert clinical opinions to ensure accurate and fair resolution. Compounding this challenge is a historical backlog of over 130 cases, which has placed additional pressure on available resources. The resolution process for these complaints is highly labour-intensive, requiring thorough examination of extensive evidentiary materials, such as medical records, reports, and audio-recorded interviews. During the period under

review, human and financial resource limitations posed significant challenges. The organisation continued to function with a limited number of resources across all units. Numerous contract positions could not be filled on a permanent basis. The ongoing difficulty of filling vacant positions within four months continues to be a challenge, largely due to various external factors. These factors include difficulties in finding suitable candidates during the initial recruitment phase, as well as instances where shortlisted candidates withdraw at a late stage, thereby necessitating multiple recruitment cycles. Another significant challenge encountered by the OHSC during the reporting period has been the recruitment of executive and senior management personnel. The specialised expertise required by the OHSC limits the pool of qualified candidates, making it difficult to attract individuals with the necessary competencies.

10.2. Organisational environment

The OHSC made concerted efforts to fill vacant funded positions during the reporting period to ensure adequate staffing for effective delivery on its mandate. Of the 142 funded posts for the year, 137 were filled by 31 March 2025, representing a 96.5% occupancy rate. Of the 137 posts, 38.9% (7 out of 18) of Senior Management Service (SMS) positions were occupied by women, 0.7% (1 out of 137) were persons with disabilities, and 12.4% (17 out of 137) were youth. The OHSC significantly improved the vacancy rate and surpassed the target of 5% and was able to reduce the vacancy rate to 3.5%. However, despite this achievement, some programmes continued to experience staff shortages as not all positions were funded in alignment with the approved organisational structure.

The entity struggled to fill certain critical senior and executive management positions due to difficulties in attracting suitably qualified candidates. Several attempts to attract suitable candidates have been unsuccessful. The OHSC will target female candidates to address equity targets in pursuit of the filing of the executive and senior management positions.

The organisation has implemented an Employee Wellness Programme to ensure the well-being of its employees. To maintain confidentiality, the programme was managed by an external service provider. Throughout the year, the programme included health talks, health risk assessments, and therapy sessions for employees in need. Health risk assessments conducted

as part of the programme involved checking employees' blood pressure, glucose levels, cholesterol levels, HIV status, and body mass index (BMI).

The OHSC saw an increase in the number of internal communications, which included general staff meetings and internal circulars. This can be attributed to an increased number of engagements with staff on the planned relocation of OHSC offices to Centurion. Management prioritised more communication with staff, to ensure buy-in with the process office move.

Continuously, the OHSC implements a training programme derived from an Annual Workplace Skills Plan which ensures the capacitation of its employees to enhance productivity. A significant number of staff participated in the training programmes. Out of the 137 employees, 67 attended training during the period under review, which equates to 48.90%. The OHSC also implemented the recognition of the attainment of additional qualifications by 17 employees of different categories. In the last quarter of the financial year 2024/25, the OHSC also reinstated the employee bursary scheme benefiting a total of 18 employees pursuing various qualifications relevant to their scope of work.

The Information, Communication, and Technology (ICT) systems operated efficiently due to close monitoring of existing systems by the OHSC. During the period under review, core and support services achieved an average uptime and availability of 99.99%. The ICT systems have shown marked improvement and maturity in the data protection to minimise cyber attacks. Based on a successful implementation of an improvement plan derived from some vulnerabilities identified and monitored by Internal Auditors, the ICT unit is one of the most improved units in the OHSC.

The OHSC continued to raise awareness among key stakeholders about its role and powers through various initiatives. The organisation conducted roadshows and community radio campaigns across all provinces. Twenty-three (23) community stakeholder engagements to raise public awareness of the role and powers of the OHSC and Health Ombud were conducted. This includes media interviews from various media houses and radio interviews by the CEO and the Health Ombud. Sixteen (16) private sector engagements to raise awareness on the role and powers of the OHSC and Health Ombud were also conducted. The OHSC's footprint, based on international media monitoring, increased recognition of the entity on social media platforms, and increased

coverage on print media and broadcast platforms, are some of the ways the heightened communications and marketing functions are starting to show a positive yield.

During the period under review, the OHSC continued to adhere to its Internal Audit Charter, which requires the Internal Audit function to provide a written evaluation of the effectiveness of the OHSC's governance, internal control systems, performance, and risk management to the Audit, Risk, and Finance Committees. In addition, the OHSC maintains a risk management policy and strategy that requires management to undertake regular risk assessments to determine the effectiveness of existing risk management strategy and to identify new and emerging risks. As part of this process, a strategic risk assessment was carried out, resulting in the development and updating of the current operational and strategic risk registers. Key strategic risks facing the OHSC were identified, along with corresponding control measures and mitigation strategies.

The OHSC maintained operations in a legally compliant, transparent, and efficient manner, guided by an approved Board Charter. The Charter ensures that financial and risk

management, along with internal controls, are effective as mandated by the PFMA. All Board and sub-committee meetings were held as per the Board calendar. Additional, special meetings were held to address issues that required the Board's intervention and oversight.

During the period under review, all service level agreements were drafted in a manner to protect the interest of the OHSC, and in line with the standard operating procedures of the OHSC. The OHSC entered into a new lease agreement in preparation of the office relocation following the end of lease at the old premises. A number of internal policies were vetted from a legal point of view. The OHSC developed a POPIA policy, which was adopted and greatly assisted in the review of the procedural regulations pertaining, a guiding document to stakeholders on the procedures of interacting with the OHSC and Health Ombud

Key policy developments and legislative changes

There were no policy developments or changes to legislation that may have affected the operations of the OHSC.

Progress towards achievement of institutional Impacts and Outcomes

Impact	Safe and quality healthcare services	
2019-24 Medium-Term Strategic Framework Goals	OHSC Outcome	Progress
Goal 2: Achieve UHC by implementing NHI	A fully functional OHSC	Over the past five years, the OHSC has made significant progress towards achieving the outcome of establishing a fullly functional regulatory office. One of the key milestones reached during this period was the engagement with both private and public stakeholders to increase awareness of the work of the office and the role and powers of the Health Ombud.
		A notable and significant achievement over the past five years has been consistent attainment of an unqualified audit opinion from the Auditor General South Africa (AGSA) demonstrating good governance. Good governance is essential for achieving high-quality UHC.

Impact	Safe and quality healthcare services			
2019-24 Medium-Term Strategic Framework Goals	OHSC Outcome	Progress		
	Compliance with norms and standards is effectively monitored	Since the financial year 2020/2021, the OHSC has inspected a total of 3161 / 3 741 (84.5%) in the public sector health establishments and 208/526 (39.5%) in the private sector. From 2020/2021 to date, the OHSC re-inspected a total of 926 health establishments.		
Goal 3: Quality improvement in the Provision of care	Improved quality of healthcare services rendered to users of health establishments	The cumulative number of low-risk complaints resolved by OHSC stands at 91.9% (13,289 /14,459). The OHSC resolved 69.1% (76/110) of medium-risk complaints received from the public within the turn-around time set in the Annual Performance Plan for 2024/25. The clearance of the backlog of high-risk complaints remained a priority, and as of 31 March 2025, the backlog was at 126.		
	Facilitate the achievement of compliance with the norms and standards regulations for different categories of health establishments	The OHSC facilitates compliance of health establishments with norms and standards compliance regulations for quality and safety through several activities. These activities include the development of inspection tools and the provision of guidance workshops and training. Since the financial year 2020/2021, 136 guidance workshops have been conducted, and 15 recommendations reports were submitted to relevant authorities. The reports included five on the early warning system, five on annual returns, and five on the review of norms and standards.		
		A total of eight regulatory inspection tools namely, Primary Health Care (PHC), Community Health Centre (CHC), District Hospital, Regional Hospital, Central Hospital, Tertiary Hospital, General Practices (GPs) and Private Hospital tools were developed since 2020/21.		
		These tools were developed through a consultative process involving key stakeholders, including representatives from the relevant health establishments.		
		The Self-Assessment System for Private Acute Hospitals was launched, and 89% (212/227) of hospitals completed their self-assessments during the financial year. The system was further enhanced to generate auto-populated Quality Improvement Plans (QIPs) based on the		

Impact	Safe and quality healthcare services	
2019-24 Medium-Term Strategic Framework Goals	OHSC Outcome	Progress
		self-assessment results, enabling health establishments to address identified gaps efficiently.
	Compliance with norms and standards is increased	The OHSC plays a crucial role in ensuring that health establishments adhere to regulated norms and standards. By measuring compliance with these norms and standards, the OHSC aims to uphold and enhance the quality of healthcare services provided to the public. If the health establishments have met the minimum compliance requirements, the OHSC issues the compliance certificates. The achievement of the target for issuing compliance certificates to eligible inspected health establishments significantly contributes to the readiness of such health establishments for participation in the National Health Insurance Fund upon its rollout. Since the financial year 2020/2021, the OHSC has certified 2464 health establishments, of which 2260 (91.72%) were certified
		within 15 days. The number of compliant health establishments has steadily been increasing, with the highest percentage certified during the current review period.
		The OHSC-initiated enforcement action against health establishments that were found to be non-compliant following reinspections. Enforcement action taken against health establishments is through the issuance of a written warning. To date, a total of 203 health establishments have been issued with written warnings following the final re-inspection report and a recommendation by an inspector.

11. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The non-achieved output indicators are indicated below:

Programme	Status
Programme 1	Targets not achieved
Sub-programme: Human Resources Management	
1.1.1 Percentage of vacancies filled within four months of the vacancy existing.	
1.2.1 Percentage of certified inspectors after completion of training.	

Programme	Status
Programme 2: Compliance Inspectorate	Targets not achieved
2.1.2 Percentage of private establishments inspected for compliance with the norms and standards.	
2.3.2 Number of annual reports that set out the compliance status of all health establishments and	
summarise the number and nature of the compliance notices issued published.	
Programme 3: Complaints Management and Office of the Ombud	Target not achieved
3.2.1 Percentage of user complaints resolved through assessment within 30 working days of receipt	
of a response from the complainant and/or the health establishment.	
Programme 5: Certification and Enforcement	Target not achieved
5.1.1 Percentage of health establishments issued with a certificate of compliance within 15 days	
from the date of the final inspection report and a recommendation by an Inspector.	
5.2.1 Percentage of health establishments against which enforcement action has been initiated	
within 10 days from the date of the final inspection report and a recommendation by an	
Inspector.	

11.1. Programme 1: Administration

To provide the leadership and administrative support necessary for the OHSC to deliver on its mandate and comply with all relevant legislative requirements.

Sub-programmes

Key corporate functions are fulfilled through the following sub-programmes:

- Sub-programme 1.1:
 Human Resources Management;
- Sub-programme 1.2:
 Finance and Supply Chain Management;
- Sub-programme 1.3: Information and Communication Technology; and
- Sub-programme 1.4:
 Communication and Stakeholder Relations

Sub-programme: Human Resources Management

The Human Resource Management unit provides integrated human resource services to ensure that the OHSC achieves its strategic objectives by creating a conducive, harmonious working environment. To give effect to this, the unit recruits, develops and seeks to retain skilled employees. The unit also deals with all other facets of HR, including labour relations matters performance management, service benefits, skills development training, employment equity and facility management.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

The OHSC managed to achieve a vacancy rate of 3,5% (5/142). The vacancy rate, however, surpassed the target

of 5% by 1,5%. Nineteen (19) out of 22 posts were filled within four months of becoming vacant, which translated to 86,4%. The OHSC conducted the diagnostic assessment of Human Resource functions, which aimed to evaluate the alignment of HR practices and policies with the organisation's goals, identifying areas of strength and opportunities for improvement. This assessment provided actionable insights to optimise HR processes, enhance talent management, and ultimately drive organisational performance.

A total of 67 employees benefited from a range of professional development and skills training opportunities. These comprised short courses, seminars and conferences, designed to improve specific skills and knowledge, such as scientific writing skills, quality management. While about 168 individuals utilised the wellness services, 49 of those were repeat referrals within the same reporting period.

Various talks were organised for employees and engaged on topics such as managing personal finance and debt management, parental skills programme, absenteeism and incapacity management, and diversity and inclusivity management. Various health information was shared through health awareness pamphlets and videos. Two successful Health Risks Assessments/ Wellness screenings were conducted during the Employee Wellness Days on 26 July 2024 and 19 March 2025.

During 2024, the entity also underwent a Leadership Culture Assessment, which focused on the executive committee of management and the management committee. With findings of some critical weaknesses in the management systems and practices, it became clear that in its current form, OHSC leadership does not support

its organisational strategy. The assessment report tabled at both Board and management levels contained a set of recommended steps that management can embark upon to redress the situation. Management has undertaken to leverage the assessment to drive culture change cascading from bottom-up and top-down.

The OHSC continued to implement relevant internal labour policies in compliance with the relevant labour laws. The organisation has prioritised and maintained positive labour relations to ensure a productive and harmonious work environment. The Bargaining Forum has negotiated several issues of mutual interest and consulted on various policies (new and reviewed), amongst others, revised Inconvenience Allowance, Recognition of Attainment of Improved Qualifications, including Interdepartmental Employee Transfer policy.

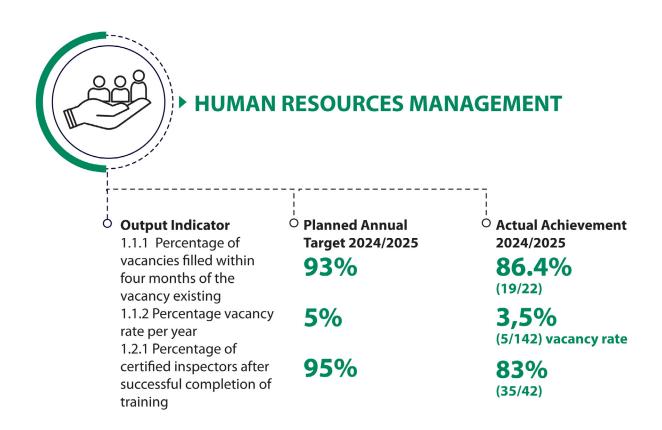
There were two disputes lodged with the CCMA by employees, one involving unfair labour practice, promotion, and arbitration continued beyond the reporting period. The OHSC has finalised the procurement of the new building and in the new financial year, it is anticipated that staff will be moved to the new building, which is situated in Centurion, Eco-Glades 1. Regarding the security services, a new service provider was brought on board. The OHSC continued implementing effective and timely resolution of grievances and disciplinary

matters have been expeditiously dealt with through internal staff and with the support of external legal experts where necessary.

In order to have an inclusive approach in defining a new service delivery model, a cross-functional task team was appointed to review and develop the new business delivery model. The team worked hand in hand with a designated team from Department of Public Service and Administration (DPSA). The team has finalised the first phase, which comprises diagnostic assessment of the entire organisation using the best practice methodologies under the guidance of a specialist team from the DPSA. It is anticipated that the results of this process will be the business model with a revised organogram to support that new model.

Challenges encountered by Human Resources Management during FY 2024/25

Filling executive and senior management positions has been particularly challenging during the year under review. The OHSC requires critical expertise, making it difficult to attract individuals with the necessary skills. Furthermore, there was an inadequate budget for training during the reporting period, as payments to employees in recognition of improved qualifications were taken from the training budget.



Sub-programme: Human Resources Management							
Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Outcome	A fully function	al OHSC					
1.1 Vacancies filled within four months of the vacancy existing	1.1.1 Percentage of vacancies filled within four months of the vacancy existing	64.29% (9/14)	70% 14/20	93%	86.4% (19/22) The three posts that were not filled within the required period are as follows:	-6.6%	The OHSC filled 22 positions during the year under review. Of these, 19 were filled within four months of becoming vacant, representing 86.4%.
					1. Director: Certification and Enforcement 2. Director: Compliance Inspectorate 3. Executive Manager: Corporate Services		While this reflects an improvement compared to the previous year, it remained below the target of 93%. The shortfall was mainly due to difficulties in finding suitable candidates for senior management positions during the initial the initial recruitment period. Consequently, a multi-pronged recruitment approach was adopted, involving the simultaneous use of various recruitment methods including employment agencies, professional recruitment platforms e.g. PNet.
	1.1.2: Percentage vacancy rate per year	4.65% (6/129)	4,55% (6/132)	5%	3,5% (5/142) vacancy rate	+1.5%	The target was exceeded due to the streamlined and effective recruitment processes for positions below senior management.
1.2 Inspectors certified after completion of training	1.2.1 Percentage of certified inspectors after successful completion of training	0% (0/1)	83,7% (36/43)	95%	83% (35/42)	-12%	There are 42 inspectors within the OHSC; 35 have undergone training and are certified. Seven of the forty-two inspectors have not been trained. No training has taken place during this reporting period.

Strategy to overcome areas of underperformance

With regards to the filling of senior management posts which have proved challenging to fill, further means of recruitment methods are currently being undertaken, such as headhunting, the utilisation of recruitment agencies, as well as online recruitment portals, in order to try and fill the relevant posts.

Sub-Programme: Information and Communication Technology

The purpose of the Information and Communication Technology (ICT) sub-programme is to provide and ensure infrastructure and systems are fully available for business to utilise effectively in achieving their operational objectives. The ICT programme undertakes long-term planning and provides day-to-day support across the OHSC with respect to ICT needs, services and systems. The aim is to guide the development and management of the ICT environment within the OHSC to contribute to effective service delivery and to meet a broad set of evolving organisational needs.

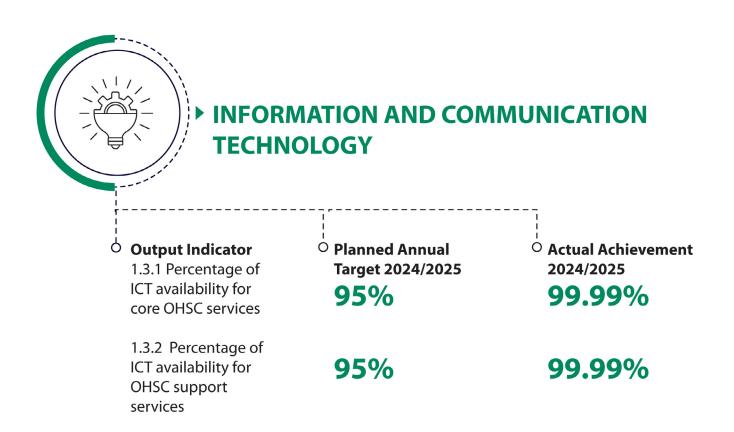
Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

The OHSC has successfully maintained an average uptime and availability of 99.99% for core and support services during the review period. Additionally, the organisation has upgraded core infrastructure systems, including servers, operating systems, and databases commensurate with immediate organisational technology demands. An Online Registration System for General Practitioners was also developed, thereby enhancing access to registration services for healthcare professionals by allowing General Practices to register and update credentials online. In line with the quest to fortify cybersecurity measures for the organisation,

the OHSC strengthened user authentication and reduced unauthorised access by deploying Two-Factor Authentication (2FA) across critical systems and administrative accounts. In this regard, more than 99% of users are enrolled on 2FA with 100% functionality of the measures. Lastly, the entity has further improved its cybersecurity posture by identifying and mitigating external vulnerabilities through assessments conducted by certified third-party vendors.

Challenges encountered by the ICT during FY 2024/25

- Budget constraints are inadequate funding for key IT projects and upgrades of the system;
- Unplanned outages due to power failures leading to Uninterrupted Power Supplies (UPS) malfunctioning; and
- Lack of skilled personnel in cybersecurity, IT security and software development.



	Sub-p	rogramme: Infor	mation and Con	nmunication Tech	nnology		
Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Outcome	A fully function	al OHSC					
1.3 IT Service Availability	1.3.1 Percentage of ICT availability for core OHSC services	99.82%	99.97%	95%	99.99%	+4.99%	The information technology systems are operating efficiently due to the close monitoring of existing systems, contracts with service providers and the level of automation that waimplemented.
	1.3.2 Percentage of ICT availability for OHSC support services	99.86%	99.98%	95%	99.99%	+4.99%	The information technology systems are operating efficiently due to the close monitoring of existing systems, contracts with service providers and the level of automation that wa implemented.

Strategy to overcome areas of underperformance.

All the performance targets were met.

Sub-Programme: Communication and Stakeholder Relations

The Communication and Stakeholder Relations unit aims to enhance understanding of the role and powers of the OHSC and the Health Ombud amongst stakeholders and the general populace through effective communication, stakeholder engagement, and partnership development.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

The OHSC continued to intensify its communication and stakeholder engagement efforts during the period under review. The initiatives launched this financial year aimed to enhance trust, understanding of the entity's programmes. The focus was on transparent and accurate communication that aligned with OHSC's objectives. The communication goals were strategically designed to support and promote the entity's programmes through

various communication platforms and approaches.

During this reporting period, the OHSC not only met its communication targets but in many instances exceeded them.

This success contributed significantly to the overall goal of improving stakeholders' and the public's understanding of the role and powers of the OHSC and the Health Ombud, achieved through effective communication, stakeholder engagement, and partnership development.

Key achievements included:

Successful Execution of Community Engagements

To encourage health user participation and empower communities in healthcare delivery and issue reporting, the OHSC engaged in two-way communication and collaborated with the Government Communications and Information Systems (GCIS) and other stakeholders. This effort aimed to bring government services closer to communities. As a result, 23 community stakeholder engagements were conducted to raise public awareness

health establishments, the role of the OHSC, and how to use the OHSC's powers to address lapses in care quality. The OHSC held these community engagements in Gauteng, KwaZulu-Natal, Mpumalanga, North-West, Western Cape and the Free State.

Strategic Public Sector Engagements

To ensure regulatory coherence and alignment with the practical realities of healthcare service delivery, the OHSC participated in several public sector conferences. As a result, 16 engagements with the private sector were held at public sector conferences and exhibitions to raise awareness about the role and authority of the OHSC and the Health Ombud. These events included exhibitions and panel discussions, i.e., Africa Nursing, Hospital Association South Africa, South African Renal Congress, Hospital Show and International Ombud Expo.

During these interactions, there was a noticeable shift in the understanding of the OHSC's regulatory role among healthcare establishments and professionals. This shift was also evident during the stakeholder engagement sessions held for the development of the OHSC 2025/30 Strategic Plan, where various stakeholders participated in webinar sessions.

Improved Media Coverage and Engagements

The OHSC continues to embark on media engagement initiatives to build the credibility of the OHSC as the regulator of healthcare services, communicate the role of the OHSC to health users to ensure public understanding, demonstrate accountability by sharing progress on, i.e. inspections, performance metrics, and encourage adherence to the prescribed norms and standards regulations.

Various mainstream media platforms were utilised to communicate and profile the OHSC and the Health Ombud's programmes, i.e. media briefing for the release of the OHSC Risk-Based Inspection report and the Health Ombud investigation findings into allegations against the Helen Joseph Tertiary Hospital. The reports attracted widespread media and public interest, with numerous interviews conducted with broadcast and print media houses to outline the reports' findings.

Strong Digital Communication through the OHSC External Newsletter

To enhance awareness, compliance, quality improvement, and to improve accessibility and usability of information, the OHSC continued to produce and publish a quarterly digital external newsletter, The Bulletin. The newsletter is targeted and distributed to health establishments and medical professionals as well as workers.

Enhanced OHSC Website and Improved Social Media Platform Performance

The OHSC website and its social media platforms played a crucial role in communicating and providing access to the OHSC and the Health Ombud's programmes for the general public. As part of its dedication to transparency, stakeholder engagement, and digital transformation, the OHSC undertook a complete redesign of its official website. This revamped site aims to enhance accessibility and user experience and was launched in the third quarter of 2024/25. Additionally, the entity's social media platforms continued to grow significantly, achieving a better engagement rate. These channels were effectively used for real-time communication and to showcase the work of the OHSC.

Challenges encountered by the Communication and Stakeholder Relations unit during FY 2024/25

Despite the strong performance across the core Communication function, the unit faced several challenges that impacted operations and required strategic adaptation throughout the reporting period.

Limited Financial Resources and Staffing Constraints

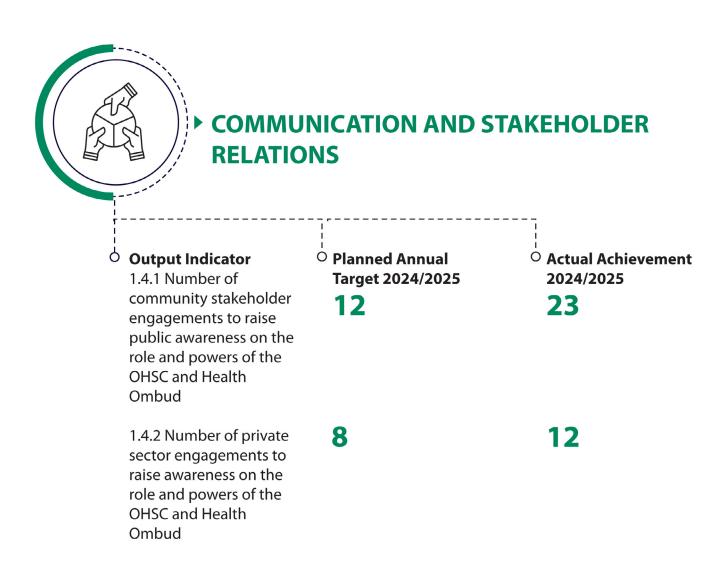
Limited financial resources and staffing constraints have created challenges in executing various communication initiatives. Specifically, the sub-programme was unable to procure bulk media buying and social media boosting due to these resource limitations. Recognising this is a broader challenge across the government, the OHSC is implementing effective initiatives by adopting low-

cost, high-impact strategies. This includes partnering with stakeholders and leveraging free communication platforms.

With the increasing demand for communication services, the OHSC is operating under limited staffing and budgetary constraints. This situation has impacted the speed and volume of content production, stakeholder engagement, and campaign rollout. To address the rising number of communication support requests, the OHSC is currently undertaking a comprehensive review and development of its organisational structure. This initiative is aimed at enhancing efficiency, responsiveness, and overall quality.

Increased Communication Support Requests

The OHSC also experienced a surge in communication support requests, internally and externally. Managing the increased requests while ensuring timely and accurate responses placed significant pressure on existing capacities. The OHSC operated strategically to maintain effectiveness without overloading limited resources by applying practical approaches such as prioritising requests based on strategic value and advocating for additional resources.



	Sub-p	orogramme: Com	nmunication and	l Stakeholder Re	lations		
Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Outcome	A fully function	al OHSC					
1.4 Awareness about the role and powers of the OHSC and Health Ombud is raised	1.4.1 Number of community stakeholder engagements to raise public awareness on the role and powers of the OHSC and Health Ombud	34	25	12	23	+11	The performance target was exceeded due to the number of webinar engagements with an array of stakeholders to gather input for the development of the OHSC's Strategic Plan for the 2025-2030 planning cycle and the number of media interviews conducted following the joint media briefing held for the release of the OHSC RBI-Based Inspection and Health Ombud Investigation reports into allegations against the Helen Joseph Tertiary Hospital.
	1.4.2 Number of private sector engagements to raise awareness on the role and powers of the OHSC and Health Ombud	17	12	8	16	+8	The performance target was also exceeded because of participation in various conferences and exhibitions as well as the campaign calling on General Practitioners (GPs) to register their practices with the OHSC.

Strategy to overcome areas of underperformance

None

Sub-Programme: Finance and Supply Chain Management

The OHSC is a public entity with a regulatory mandate in the health sector, where accountability and transparency are of paramount importance. It is crucial for the OHSC to demonstrate accountability by obtaining an unqualified audit in order to promote public trust in the OHSC and the way the OHSC conducts its affairs, both in financial governance and performance reporting.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

The audit outcome is pending the AGSA audit. The OHSC remains committed to good governance and accountability for the financial resources received from the national fiscus.

Challenges encountered by the Finance and Supply Chain Management during the FY 2024/25

The OHSC's complexity continued to grow in size and scope of operations, and these require concomitant support from the Finance and Supply Chain Management Unit, including other support functions. Similar to the

entire organisation, the Finance and Supply Chain of overall funding constraints. The OHSC is exploring Management has limited human resources as a result options for additional funding going into the future.



	Sub	-programme: Fir	nance and Suppl	y Chain Manage	ment		
Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Outcome	A fully function	al OHSC					
1.5 Unqualified audit opinion achieved by the OHSC	1.5.1 Unqualified audit opinion achieved by the OHSC	Unqualified audit opinion achieved by the OHSC	Unqualified audit opinion achieved by the OHSC	Unqualified audit	Unqualified audit opinion achieved by the OHSC	None	Not applicable

Strategy to overcome areas of underperformance

None

Linking performance with budgets

Programme	2024/2025			2023/2024			
	Budget		(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure	
Administration	76,932,262	81,780,526	(4,848,246)	68,146,150	82,007,978	(13,861,828)	

The amount of over-expenditure for the Administration program was funded from the accumulated prior year surplus as approved by the National Treasury. The OHSC also raised interest in short-term investments, which also contributed to funding some of the operations. The key

areas funded from the surplus were in relation to capital items on ICT systems, as well as employees appointed on short-term employment contracts. The total expenditure also Includes depreciation and amortisation amounts on capital assets.

11.2. Programme 2: Compliance Inspectorate

The purpose of the Compliance Inspectorate is to manage the inspection of health establishments to assess their compliance with norms and standards regulations, as prescribed by the Minister of Health. The Compliance Inspectorate is responsible for conducting routine and reinspection. Routine inspections are planned inspections conducted as outlined in the Annual Inspection Strategy.

Additional inspections comprise of risk-based, reinspection as well as pilot inspections. Risk-based inspections are ad-hoc, triggered by the early warning system (EWS), while pilot inspections are conducted during the inspection tool development process in partnership with HSDAS (Programme 4). Reinspection is conducted for all health establishments which were found to be non-compliant but having achieved the satisfactory, good and excellent grading during routine inspections. Such an inspection is conducted to check whether non-compliance has been remedied.

The outcomes of inspections are communicated to the Certification and Enforcement Unit (Programme 5). All health establishments found to be compliant are recommended for certification, while those found to be non-compliant are issued with compliance notices. Health establishments that are found to be non-compliant after a re-inspection, are recommended for enforcement action.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

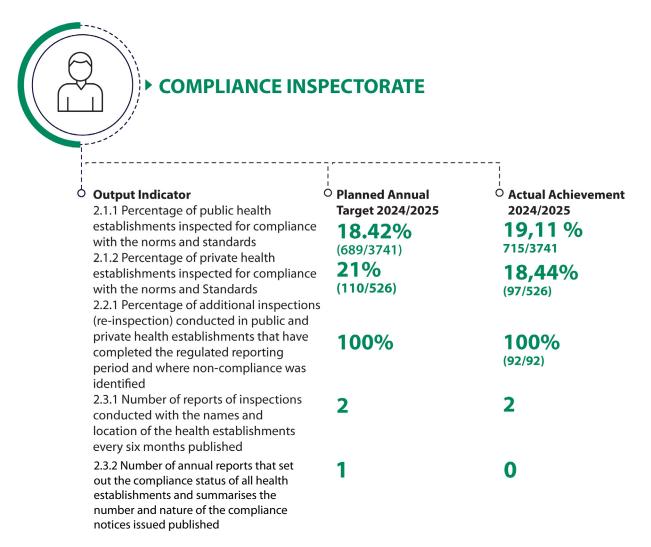
The OHSC inspected health establishments both in the

private and public sectors as set out in the inspection strategy of which 715 was in the public sector and 26 inspections were conducted above the set target. However, 97 of the targeted 110 private sector health establishments were inspected under the same reporting period remaining with 13 uninspected health establishments.

A total of 92 health establishments who were non-compliant with a grading as per the OHSC Compliance Status Framework were re-inspected in the reporting period. Out of the 92, 43 were done virtually. A total of three risk-based inspections were conducted. Two bi-annual reports were issued and published as per Regulation 31 of the Procedural Regulations on the OHSC website.

Challenges encountered by the Compliance Inspectorate during FY 2024/25

Among the planned private health establishments there were challenges identified which prohibited inspections, some were found to be non-acute, no longer operational, not fully functional as acute facilities, and used different names for the same health establishment.



Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Outcome	-	h norms and star	1	1		I	
2.1 Health establishments are inspected for compliance with the norms and standards	2.1.1 Percentage of public health establishments inspected for compliance with the norms and standards	20.8% (781/3741)	19.62% (734/3741)	18.42% (689/3741)	19,11 % 715/3741	+0.69%	The target was exceeded by 26 Healt Establishments. Due to gained efficiencies by conducting backto-back inspections.
	2.1.2 Percentage of private health establishments inspected for compliance with the norms and Standards	11.8% (51/431)	11.4% (60/526)	21% (110/526)	18,44% (97/526)	-2.56%	Thirteen (13) private health establishments were not inspected because two were no longer operational, one was not fully functional as an acute facility, one used different names for the same health establishment and nine were non-acute health establishments which include: Day Ward –1 Primary health care services –1 Private Nurse Practice-1 Psych –2 Specialised –2 Sub-Acute-1 Ward within hospital –1.
2.2 Additional inspection is conducted in health establishments where noncompliance was identified	2.2.1 Percentage of additional inspections (re-inspection) conducted in public and private health establishments that have completed the regulated reporting period and where noncompliance was identified	100% (106/106)	49.4% (79/160)	100%	100% (92/92)	0	All planned additiona inspections (reinspections) were conducted.
2.3 Regulated inspection reports are published	2.3.1 Number of reports of inspections conducted with the names and location of the health establishments every six months published	2	2	2	2	0	The reports were issued in line with Regulation 31 of the Procedural Regulations. They were published on the OHSC's website and covers all inspected health establishments with the names and locations of health establishments.

Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Outcome	Compliance wit	h norms and star	ndards is effectiv	ely monitored			
	2.3.2 Number of annual reports that set out the compliance status of all health establishments and summarises the number and nature of the compliance notices issued published	1	0		0	-1	The target was not met due to delays in analysing provincial data. The Annual Inspection Report (2023-2024) will be presented to the Certification and enforcement Committee (CEC) for noting on the 14 th August 2025. FY 2024-25 inspection report writing will commence once all health establishment inspection reports are released.

Strategy to overcome areas of underperformance

The Office of Health Standards Compliance will strengthen profiling of Health Establishments prior to inspections. Develop and monitor the schedule for Annual Inspection Report writing processes.

The Office is busy with processes of decentralisation of its functions to mitigate the cost of inspections and increase inspection coverage. The OHSC is developing a smart inspection concept document which will promote efficiency through the use of artificial intelligence once implemented.

Linking performance with budgets

Programme	2024/2025			2023/2024			
	Budget Actual (Over)/Under Expenditure		Budget	Actual Expenditure	(Over)/Under Expenditure		
Compliance inspectorate	61,765,017	64,291,934	(2,526,917)	57,726,413	59,557,589	(1,831,176)	

The Compliance Inspectorate is the biggest division in the OHSC. During the financial year under review, additional inspections were conducted in the form of pilots on general practitioners, risk-based inspections and reinspection, which resulted in increased travel costs. Funding from the 2024/25 financial year was supplemented by savings and interest revenue from short-term investments.

11.3 Programme 3: Complaints Management and Office of the Health Ombud

The purpose of the Complaints Management Programme and the Health Ombud is to consider, investigate and dispose of complaints relating to non-compliance with prescribed norms and standards in a procedurally fair, economical, and expeditious manner. The programme comprises of three sub-programmes:

Complaints Call Centre (CCC) – Call centre operators are employed by OHSC to receive complaints from the public through calls, emails, and written letters. They register,

record and screen all complaints received and refer to the next level as appropriate. All low-risk complaints are addressed at the level of the call centre.

Complaints Assessment Unit (CAU) – All complaints that receive a medium and high-risk rating are referred to the CAU. Assessors are employed by OHSC to analyse and assess medium and high-risk rated complaints. Cases that are assessed as high are further escalated to the Investigation Unit to be investigated.

Complaints Investigation Unit (CIU) – All complaints that receive a high and extreme risk rating are referred

to the Complaints Investigation Unit. Investigators are employed to investigate high and extreme risk-rated complaints. These mainly require on-site visits to the Health Establishments and robust analysis of evidentiary documents.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

During the period under review, the Health Ombud received 3810 complaints, of which 3645 were resolved within 25 working days. The annual performance of the call centre is 95.67%, exceeding the set target of 90%. The Health Ombud received 110 cases, of which 76 were resolved within 30 days of receipt of information from the health establishment and/ complainant. A total of 51 high and extreme-risk cases were investigated and resolved across nine provinces. This was made possible through the assistance of additional permanent investigators appointed in 2024. Among the cases handled, the highest number, 14 cases (27.45%) originated from Gauteng, followed by Eastern Cape, Western Cape and Northwest with six cases each (11.76%). KwaZulu-Natal and Limpopo each accounted for five cases (9.8%), while Free State had four cases (7.84%), Mpumalanga had three cases (5.88%), and the Northern Cape two cases (3.92%).

As an integral member of the National Preventative Mechanism (NPM), the Health Ombud and his staff also

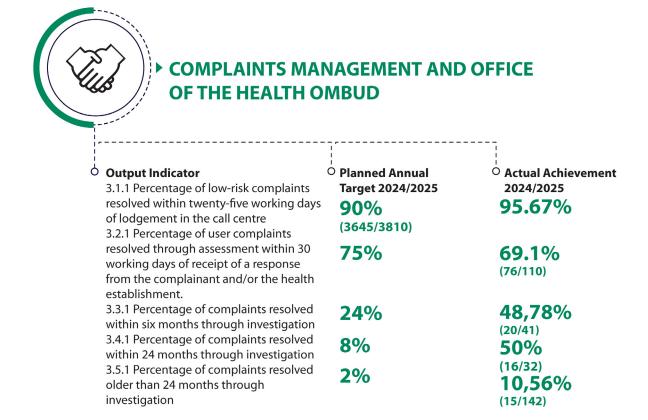
participated in 72 National Preventive Mechanism visits in seven provinces. The Health Ombud's NPM functions include monitoring places of deprivation of liberty and examination of the treatment of persons deprived of their liberty by conducting regular unannounced visits to such places. Establishments visited included police stations, Psychiatric institutions and tertiary hospitals, secure care centres, old age/Retirement facilities, Correctional centres and Magistrate court holding cells.

Challenges encountered by the Complaints Management and Office of the Health Ombud during FY 2024/25

During the period under review, the Health Ombud has had a large influx of complaints coupled with ongoing staff shortages. Complex complaints require significant time and resources to thoroughly address the details of each case.

Complex cases that involve more than one Health Establishment being implicated. This adds complexity as the investigator must coordinate with multiple parties and obtain evidence from various witnesses.

Delayed or non-response from Health Establishments when requested to provide medical records and reports. This significantly impedes the investigative process and delays the resolution of cases.



Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Outcome		l l	1	d to the users in t	1	1	
3.1 Low risk complaints resolved within twenty-five working days of lodgement in the call centre	3.1.1 Percentage of low-risk complaints resolved within twenty-five working days of lodgement in the call centre	93.4% (2 472/2647)	96.6% (2308/2389)	90% (3645/3810)	95.67%	+ 5.67%	The Office of the Ombud has prioritised the closure of cases.
3.2 User complaints resolved within 30 working days through assessment after receipt of a response from the complainant and/or the health	3.2.1 Percentage of user complaints resolved through assessment within 30 working days of receipt of a response from the complainant and/or the health establishment.	60.87% (42/69)	54.0% 34/63	75%	69.1% (76/110)	-5.9%	Thirteen of the cases assigned for assessment were awaiting the requested supporting documents from the Health Establishments, which precluded their resolution within the current reporting period. The cases pending resolution will be prioritised during the 2025/26 financial year.
3. 3 Complaints resolved within six months through investigation	3.3.1 Percentage of complaints resolved within six months through investigation	0.63% (1/157)	21.4% 3/14	24%	48,78% (20/41)	+24.78%	The achievement of 48.78 % was achieved through the support of five additional investigators. The Office of the Ombud has prioritised the closure of cases.
3.4 Complaints resolved within 24 months through investigation	3.4.1 Percentage of complaints resolved within 24 months through investigation	3.18% (5/157)	42.9 % (12/28)	8%	50% (16/32)	+42%	The achievement of 50% was achieved through the support of five additional investigators. The Office of the Ombud has prioritised the closure of cases.
3.5 Complaints resolved older than 24 months through investigation	3.5.1 Percentage of complaints resolved older than 24 months through investigation	0.66% (1/157)	18 % 29/161	2%	10,56% (15/142)	+8.56	Staff have developed backlo case resolution plans to ensure al cases are resolved

Strategy to overcome areas of underperformance.

The Health Ombud has been under-resourced since its inception in 2015; however more investigators were appointed during the reporting period. This impacts on programmatic performance and staff morale. The OHSC continues to motivate financial and human resources to resolve this. The management has established a structured case prioritisation system for newly assigned cases to ensure timely resolution.

The management is working hard to introduce technology solutions, such as a digital transcription kit to streamline the transcription of audio-recorded witness interviews as well as automation of repetitive tasks to reduce manual effort and increase productivity. The management will explore and implement alternative electronic platforms for conducting witness interviews, especially for key witnesses who have relocated or resigned.

Linking performance with budgets

Programme	2024/2025			2023/2024			
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure	
Complaints Management and office of the Ombud	34,480,304	32,941,059	1,539,245	21,403,802	29,387,818	(7,984,016)	

The total expenditure for the Complaints Management division was deferred using the original budget and the surplus from the 2023/24 financial year approved by the National Treasury. Additional posts were created on a permanent basis to boost the human resource capacity of the division to assist in the resolution of the backlog of investigation cases.

11.4. Programme 4: Health Standards Design, Analysis and Support

The purpose of the Health Standards Design, Analysis, and Support Programme is to provide high-level technical support to the office through research, health systems analysis, development of data collection tools, training in the use of these tools, and analysis and interpretation of the data collected. The Programme also drives the establishment of stakeholder networks for capacity building and the co-creation of information management systems. The Programme has two units:

- · Health Standards Development and Training; and
- Health systems, Data Analysis and Research.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

During the 2024/25 financial year, OHSC delivered strategic technical support across the country (Provinces and Health Establishments). Key outputs included the development and enhancement of data collection tools, capacity building through training, comprehensive health systems analysis, engagement with key stakeholders on research activities and the systematic

analysis and interpretation of collected data to inform decision-making and policy development. The OHSC achieved several significant milestones including the successful development of inspection tools for Central Hospitals (version 1) and Tertiary Hospitals (version 1).

Alongside these, annual updates were made to existing tools for Clinics (Version 1.4.1), Community Health Centres (Version 1.3.1), District Hospitals (Version 1.4), and Regional Hospitals (Version 1.4). These updates were essential to ensure consistency and alignment across all tools, particularly in support of data analysis and performance monitoring.

The Self-Assessment system was successfully rolled out to Private Acute Hospitals. Training was provided to all users, with more than 3,000 individuals onboarded onto the system. Two user-friendly instructional videos were also developed to guide navigation of the platform. By the end of the reporting period, 711 queries were resolved, 227 hospitals had been uploaded on the system as users, and 202 hospitals successfully completed their self-assessments.

Guidance and support for health establishments through workshops remains a key priority. A total of 43 workshops were conducted—both in hybrid and in-person formats—exceeding the original target of 27 workshops. The target reached was therefore,159%. A roadshow was also held for academic hospitals, offering in-depth orientation on the newly developed Central and Tertiary Hospital inspection tools.

In preparation for the implementation of Emergency Medical Services (EMS) inspection tools, orientation visits were conducted across both the public and private sectors. These visits aimed to familiarise the standard development team with the environment for which the tool is being developed, providing insight into the context.

Simultaneously, progress was made in finalising the inspection tools for General Practices. A national workshop was held to refine Draft 5 of the tool and Continuing Professional Development (CPD) points were awarded to General Practitioners who participated, following OHSC's successful registration in application for the providing of CPD points. The General Practices inspection tools were subjected to pilot testing that provided valuable input and was incorporated into the inspection tool before their final approval by the Board on 29 April 2025. However, there were some limitations encountered during the pilot phase of the General Practices inspection tools. Due to time and financial constraints, the pilot was conducted in only two provinces, which has somewhat affected the ability to transfer data and insights to other provinces. This limitation highlights the challenges of scaling initiatives across a broader geographic area within constrained resources.

A key milestone during the period under review was the concept development for the registration and profiling of health establishments by the OHSC and the Improvement of the implementation of the EWS. Over the next five years, the OHSC will enhance the registration and profiling of health establishments, including general practitioners and allied health professionals; and enhance the EWS system by ensuring timely reporting of the EWS indicators by health establishments and real-time monitoring. The proposed developments are tabled in the OHSC Strategic Plan for 2025-2030.

The submission of the 2024 Annual Returns by the 31st of March 2024 was effectively coordinated by the Health Standards Development team, with support provided to hospitals as required. Furthermore, the OHSC developed the 2024 Annual Returns National Recommendations Report.

The EWS online system was continuously monitored for EWS reports from health establishments. The 2024 Annual National and Provincial EWS Recommendation Reports were developed, and the provincial reports were submitted to the provinces. The EWS Forum meetings convened monthly, and recommendations made depending on the reported incidents, in some instances

followed by routine or risk based inspections; letters to the health establishments requesting incident reports and quality improvement plans.

Feedback workshops on the 2023 EWS and Annual Return findings were held between July and September 2024 for both public and private health establishments. The OHSC Management engaged with executive authorities to discuss EWS reporting trends during provincial EXCO or MANCO meetings, as well as private groups' corporate committee meetings.

Statistical analysis outputs were generated for the 2024 EWS and Annual Returns Report recommendations shared with provinces to inform health establishments on the status of the input processes which are required to improve quality. In addition, ad hoc analysis on inspection data were conducted for the Office of the CEO and presented at key forums such as the Limpopo Province Portfolio Committee, Northern Cape Provincial Department of Health Retreat, and DENOSA Free State Provincial Congress.

Engagements with the Scientific & Research Technical Task Team (SRTTT) were convened during the financial year.

The SRTTT is comprised of members from academic and research institutions across the country. The SRTTT is a strictly advisory body harnessing the research and academic expertise to be utilised for the data gathered by the OHSC through various operations to better formulate the operational research agenda for the OHSC regulatory environment The SRTTT role is to provide strategic advice and guidance to the OHSC on how to promote and enhance implementation of the OHSC research mandate as well as to assist the OHSC to access, interpret and understand evidence relating to the research work and make judgement about its relevance and application.

Through the guidance of the SRTTT, Memorandum of Agreements were established with the South African Medical Research Council and the University of Pretoria research ethics review committees to ensure that research conducted by the OHCS complies with existing ethical standards and requirements. In addition, capacity building on scientific writing and proposal & report writing was recommended, twenty-five delegates from the OHSC were able to attend the training.

The OHSC membership affiliation with the International Society for Quality in Healthcare (ISQua) was renewed providing continued access to international journals

published by ISQUa to stay abreast of international best practices and new developments in quality improvement within a regulatory environment. As part of ad hoc requests by the Office of the CEO, literature reviews and presentations were developed for the Hospital Show Conference and the G20 Health Working Group Meeting which were attended by the OHSC during the period under review.

Challenges encountered by the Health Standards Design, Analysis and Support during FY 2024/25

The planned innovations within the OHSC aim to enhance both the effectiveness and efficiency of guidance and support initiatives. As the same personnel manage both health standards development and guidance and support, it has become clear that certain aspects of the training approach need to be adjusted to maximise impact. One such adjustment relates to the virtual guidance and support workshops, which have typically been conducted as full-day sessions. While these sessions are designed to provide comprehensive support, the extended format has shown limited impact, particularly as hospital personnel are removed from their core functions for an entire day.

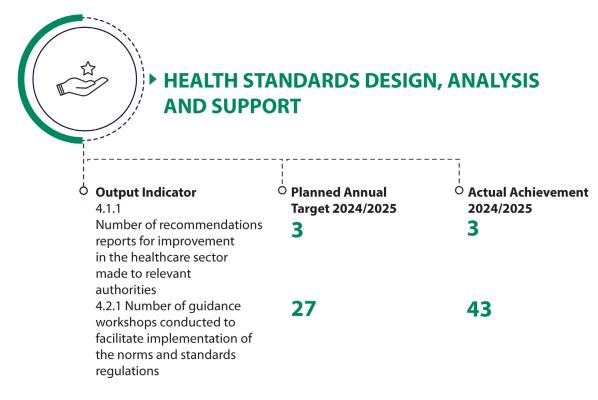
To address this, the OHSC plans to implement a new approach: workshops will be broken down into shorter, more focused sessions. This change is intended to maintain the depth of learning while reducing the time commitment required from participants, ultimately ensuring the sessions are more engaging and have a greater impact. With regards to the self-assessment system: health establishments have expressed the need

for more time to fully grasp the objectives and nuances of the self-assessment system. Many were initially hesitant to rate themselves as non-compliant, reflecting a natural reluctance to acknowledge gaps. Over time, however, it has become clear that providing comprehensive training on the system and the objective of self-assessment significantly reduces the need for ongoing support, helping establishments gain confidence in the process and increasing the system's effectiveness.

Human resources capacity remains a significant challenge, contributing to delays in the development of inspection tools. The OHSC is staffed with a limited number of personnel who are required to handle a wide range of diverse activities. This constraint not only leads to delays in tool development but also affects team morale, as staff members are often overwhelmed by the breadth of responsibilities.

Four Provincial annual returns recommendations reports were not produced due to outstanding data analysis outputs and reported data challenges. The outstanding reports will be produced or were produced outside the stipulated time frame. Advanced statistical analysis and human resource capacity is important for analysing data to inform decision making for an organisation that is data driven. The OHSC still requires investments in advanced data analysis and interpretation skills.

The unavailability of funds allocated for research with primary data collection has impacted in conducting of a research project with a core primary data collection. A key senior management position within the office remained vacant at the end of the 2024/25 financial year.



Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Outcome	Facilitate achieves establishment	ement of comp	liance with norr	ns and standards	regulations for	different catego	ories of health
4.1 Implementation of recommend- ed improve- ments by rele- vant authorities in the healthcare authorities	4.1.1 Number of recommendations reports for improvement in the healthcare sector made to relevant authorities	3	3	3	3	0	Three recommendation reports were produced and approved. One National Early Warning System (EWS) One National Annual Returns One (Northern Cape) Recommendations Report on Norms & Standards regulations
4.2 Improved implementation of the norms and standards	4.2.1 Number of guidance workshops conducted to facilitate implementation of the norms and standards regulations	25	29	27	43	16	The need for additional guidance and support for Central and Tertiary hospitals was identified. To address this, a roadshow featuring in-persor workshops was conducted across all provinces.

Linking performance with budgets

Programme	2024/2025			2023/2024			
	Budget Actual (Over)/Under Expenditure			Budget	Actual Expenditure	(Over)/Under Expenditure	
Health, Standard Design, Analysis and Support	16,576,406	14,145,308	2,431,098	11,519,376	14,388,536	(2,869,160)	

The initial budget amount for the financial year was supplemented by the surplus from the 2023/24 financial year, which funded the appointment of employees on short term contracts to boost internal human resource capacity. The short-term employment contracts also overlapped into the new financial year, and the budget balance will be required to fund these contracts.

11.5. Programme 5: Certification and Enforcement

The purpose of the Certification and Enforcement programme is to certify compliant health establishments and take enforcement action against non-compliant health establishments. The programme is required to publish information relating to the certificates of compliance issued and enforcement action taken.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

During FY 2024/25, the OHSC delivered on its core mandate of certifying compliant health establishments and initiating enforcement action against persistently non-compliant health establishments. A total of 1 373 certificates of compliance were issued, of which 1 252 certificates of compliance were issued within 15 working days, an

achievement rate of 91.19% (1252/1373) against a target of 100%. Although this represents a modest uptick from the 91.0% recorded in 2023/24, it fell short of the programme's aspirational standard. Enforcement activities likewise proceeded at pace: 35 health establishments were found to be persistently noncompliant and recommended for enforcement, with 34 having enforcement actions initiated within ten working days, 97.14% against a 100% target. Reporting outputs were fully met, with both bi-annual compliance status reports published on schedule.

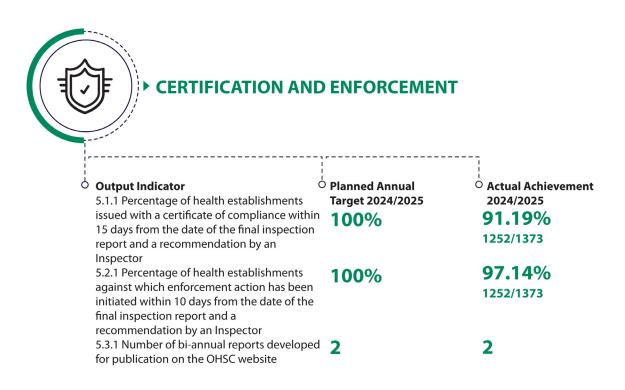
Inaddition to these statutory outputs, the OHSC convened multiple pre-enforcement consultative sessions in 13 districts (Eastern Cape and Free State five Provinces) to sensitise health establishment leadership on the enforcement processes of OHSC and provide guidance on how to respond to enforcement actions. The pre-enforcement consultative sessions were a huge success and well received by all the districts. Significant progress has been made in developing a draft certification framework for NHI conditional accreditation. Initial consultations and drafting a cohesive framework with the NHI Branch have been completed, creating a streamlined process for non-certified health establishments to be considered for accreditation to be considered for accreditation by the NHI Fund.

Challenges encountered by the Certification and Enforcement during the FY 2024/25

The transition to the new certification and enforcement automated module introduced several administrative and system delays. These included intermittent technical issues such as system downtimes and data-entry backlogs, all of which stretched the 15-day turnaround window in issuing the certificates of compliance. The delayed transition to this new module further exacerbated the situation, impeding a smooth workflow and timely processing of certifications.

Stakeholder engagement added another layer of complexity. While drafting the certification framework, broad consultations with the NHI Branch team, uncovered divergent interpretations of certain regulations. This prolonged the consensus-building process and delayed final sign-off, creating bottlenecks towards the implementation phase.

Lastly, workforce capacity and skill gaps were evident, as some team members required refresher training on data handling. This temporarily slowed down both certifications and enforcement recommendations, contributing to the overall challenge of meeting performancetargets. However, with the concerted efforts in capacity building, digital workflow optimisation, and stakeholder engagement, these challenges are being systematically addressed.



Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Outcome	Facilitate achieves establishment	ement of comp	liance with norr	ns and standards	regulations for	different catego	ories of health
5.1 Compliant health establish- ments are issued with a certificate of compliance	5.1.1 Percentage of health establishments issued with a certificate of compliance within 15 days from the date of the final inspection report and a recommendation by an Inspector	100% (251/251)	91.0% 563/618	100%	91.19% 1252/1373	-8.81%	Reconfiguration of the Compliance Status Framework created a backlog, delaying the pro- cessing of Com- pliance Certificate recommendations
5.2 Enforce- ment action is taken against non-compliant health establishments	5.2.1 Percentage of health establishments against which enforcement action has been initiated within 10 days from the date of the final inspection report and a recommendation by an Inspector	100%	100% (45/45)	100%	97.14% (34/35)	-2.86%	Processing was delayed due to the late submission of the revised enforcement recommendation.
5.3 Health establishment compliance status reports are published	5.3.1 Number of bi-annu- al reports developed for publication on the OHSC website	2	2	2	2	0	The OHSC was able to publish two reports which provide information on the compliance certificates issued to compliant healt establishments in the provinces and the number, name of non-compliant health against which enforcement action has been commenced per province.

Strategies to address underperformance.

The automation of the Certification and Enforcement (C&E) module has been launched. This rollout will streamline the Compliance Inspectorate's recommendation workflow and align its procedures with those of the C&E Unit. In parallel, both the consolidated Certification Register, and the consolidated Enforcement Register will be fully digitised.

To balance workloads and maintain service levels. There is a need to recruit more staff for the Certification and Enforcement functions, the OHSC will continue to advocate for more funding. Collectively, these measures will markedly improve the programme's operational efficiency.

Linking performance with budgets

Programme		2024/2025			2023/2024			
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure		
Certification and Enforcement	3,751,070	3,647,009	104,061	2,800.260	3,323,654			

Expenditure for the Certification and Enforcement program is related largely to compensation of employees. The programme's total expenditure included surplus funds from the 2023/24 financial year, approved by the National Treasury for short-term human resource contracts.

12. REVENUE COLLECTION

	2024/2025			2023/2024		
Sources of revenue	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
Government grant	181,599,000	181,599,000	0	162,726,00	161,546,000	1,180,000
Interest received	0	2,892,170	(2,892,170)	0	2,902,237	(2,902,237)
Other income	0	49,410	(49,410)	0	1,356	(1,356)
Total	181,599,000	184,540,580	2,941,580	162,726,000	164,449,593	(1,723,593)

During the financial year under review, the OHSC received the full allocation from the national fiscus. Further, the OHSC has in place an investment policy, through which funds which are not immediately required for use are invested. Through this policy, an additional R2.8 million was generated in interest on investment to support the operations of the OHSC



PART C: GOVERNANCE

13. INTRODUCTION

Corporate governance embodies the processes, practices and systems by which public entities are directed and governed to ensure that the entity achieves its objectives. In addition to legislative requirements of the National Health Amendment Act, 12 of 2013 (NHAA), the OHSC is also governed by the precepts of the Public Finance Management Act, 1 of 1999 (PFMA). In addition, the OHSC abides with the principles contained in the King's Report on Corporate Governance. Parliament, the Executive and the Accounting Authority of the public entity are responsible for the oversight of corporate governance.

14. PORTFOLIO COMMITTEES (IF APPLICABLE)

The Parliamentary Portfolio Committee on Health exercises oversight over the service delivery performance of the public entities reporting to the Health Department. The OHSC appeared before the Parliamentary Portfolio Committee on Health on the dates set out below:

Table 1: Portfolio committees' meetings

Date	Parliamentary Structure	Activity/Focus
16 October 2024	Portfolio Committee on Health,	Presentation of the Annual Report for financial year 2023 - 2024

15. EXECUTIVE AUTHORITY

In line with statutory requirements, the OHSC submitted the following reports during the 2024/2025 financial year period.

Report/document type	Date submitted	Executive authority comment
Quarter 4: 2023/2024 Performance Information Report	30 April 2024	None
Quarter 1: 2024/2025 Performance Information Report	31 July 2024	None
Quarter 2: 2024/2025 Performance Information Report	31 October 2024	None
Quarter 3: 2024/2025 Performance Information Report	31 January 2025	None

16. THE ACCOUNTING AUTHORITY/BOARD

Introduction

 The functions of the Board are set out in Section 79 A (3);

The role of the Board is as follows:

The role of the Board, specifically, is to:

- retain full and effective control over the OHSC and monitor the implementation of the strategic plans and Board-approved financial, environmental, and social objectives;
- define levels of authority, reserving specific powers to itself and delegating other matters, with the necessary written authority, to the CEO;
- regularly monitor the delegation of authority;
- · ensure that an appropriate system of policies and

- procedures is in place and maintained and that suitable governance structures exist for the smooth, efficient, and prudent stewardship of the OHSC;
- ensure OHSC compliance with all relevant laws and regulations, audit and accounting standards, codes of conduct and best business practice and any other such principles and codes as may be established by the Board from time to time;
 - regularly review and evaluate business risks to the OHSC and ensure that comprehensive, appropriate internal controls exist to mitigate such risks;
 - exercise objective judgement about the business affairs of the OHSC, independent from management but with sufficient management information to enable a proper and informed assessment; and

 identify and monitor all aspects relevant to the business of the OHSC and to ensure its responsible conduct towards all relevant stakeholders with a legitimate interest in its affairs.

Board Charter

The Board operates under an approved Board Charter and ensures that financial and risk management, and internal controls are effective as required by the PFMA.

Board activities are undertaken in terms of the Board Constitution developed in line with legislative prescripts, codes of good practice and principles of governance. The Constitution identifies the roles and responsibilities of the Board in relation to the interactions with management and sets out the fiduciary duties of the individual Board members and the role of the Chairperson of the Board.

The Board Constitution further deals with the management of conflicts of interests to ensure that the interests of the OHSC remain paramount in its decision-making process. The Board monitors compliance with the Constitution by Board members and deals with issues of conflict in the manner provided for in the Constitution. The Board Constitution is reviewed annually.

Composition of the Board

The Board is comprised of 12 non-executive Board members appointed by the Minister of Health in terms Section 79B of the NHA. The CEO and the CFO are ex officio (executive directors) members of the Board. A new Board was appointed by the Minister of Health on 12 February 2023 for a term of three years. There is diversity in the Board in terms of skills and competencies as prescribed by Section 79B of the NHAA.

Table 2:

Below is the list of current Board members appointed by the Minister of Health to serve with effect from 12 February 2023 for a period of three years. There is diversity in the Board in terms of skills and competencies as prescribed by Section 79B of the NHAA.

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Term ended	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Com- mittees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
1. Dr Ernest Kenoshi	Chairperson	7 February 2020	Serving 2nd term	MBChB, DTM&H, Advanced Certificate in Healthcare Manage- ment UP), Certificate in Health Service Quality Improvement (Harvard), Masters in Public Health (Hospital Management) (Wits), Financial Manage- ment for non-financial managers (Gauteng Management Devel- opment Programme), Project Management (SAMDI), Primary Emer- gency Medicine (Wits), Hospital Major Incident Management (UCT), Departmental Leadership (UP). Certificate in Being a Director (IoDSA).	Public Health	Medical & Dental Board of HPCSA. Board of OHSC	Health Portfolio Committee	19
2. Dr Reno Morar	Vice-Chairper- son	12 February 2023	N/A	Certificate In Professional Coaching Practice, Public Health Medicine Specialist, and registered Fellow of the College of Public Health Medicine of South Africa [FCPHM (SA)], Master of Medicine in Community Health [MMed] Comm H, Post Graduate Diploma in Health Management, Economics and Financial Planning (DHMEF), Medical Doctor MBChB (Bachelor of Medicine and Bachelor of Surgery).	Public Health	Chairperson of the Advisory Committee: Na- tional Health Reference Price List (NHRPL) Chairperson of the Board of Trustees of ComaCARE	HR REMCO, ARF Com, Health Portfo- lio Committee	24

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Term ended	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Commit- tees or Task Teams (e.g: Au- dit committee / Ministerial task team)	No. of Meetings attended
3. Prof Rajesh Mahabeer	Member	12 February 2023	N/A	CA(SA), FCMA, CGMA, FCA (England & Wales), BFP, FCCA, CIA, FIIASA, M.Inst.D, SARIPA, INSOL, MBA (Derby), MCom (UKZN), Post Grad Dip Acc (UKZN), N Dip Cost Acc (DUT), PhD (Candidate) (WITS).	Accounting, Auditing, and Finance	Central University of Technology, Free State REPSSI; OBP, SAHPRA – Independent Member, MDDA – Chair of the Audit and Risk Com- mittee, IRBA – Education Committee, ACCA – Global Commit- tee for Accountants in Business	Chairperson of ARF Com, Health Portfolio Committee	30
4. Prof Usuf Chikte	Member	7 February 2020	Serving 2nd term	PhD (Community Health), MSc (Dental Public Health), MDent (Community Dentist- ry), DHSM, BChD.	Education	Chairperson of HR REMCO, CEC, , Health Portfolio Committee	None	31
5. Prof Lilian Dudley	Member	12 February 2023	N/A	PhD Public Health, Fellow of College of Public Health Medicine (FCPHM), M.Sc Health Policy, Planning and Financing, Diploma in Child Health, MB,ChB, BSc Medical Microbiology.	Public Health Medicine Specialist	Chairperson of CEC, Health Portfolio Com- mittee	None	24
6. Dr Maria Peenze	Member	7 February 2020	Serving 2nd term	Doctor Technologiae: Business Administration, Magister Legum: Human Rights, Baccalaureus Legum, Baccalaureus luris, Certified Fraud Examiner, Africa Directors Programme, Ethics in the Public Service.	Law: Human Rights, Governance	International Association of Certified Fraud Examiners Advisory Council,	ARF Com, HR REMCO	29
7. Prof Mohambry Chetty	Member	7 February 2020	Serving 2nd term	MBchB, PhD, MPH (US), MFam Med, DTM&H, DOH, DHSM, DNE, IAQS	ISQUA Expert Quality Standards	KZN Doctors Healthcare Coalition, IPA Foundation of SA. and UKUSA Healthcare Consultants	CEC	24
8. Ms Ritta Msibi	Member	7 February 2020	Serving 2nd term	Degree in Nursing Administration and Education, National Higher Diploma as registered nurse in (General, Midwifery, Psychiatry) and Community health, National Diploma unit Management, National Diploma in Primary health care, Advanced University Diploma Health Service Management, The Integrated Management of TB, HIV, &STI, Advanced University Diploma Unit Management.	Labour	None	HR REMCO	19
9. Mr Anele Yawa	Member	12 February 2023	N/A	Certificate in Occupational Safety, Health and Environment, Certificate in Safety Precautions and Oxy-Acetylene Flame Cutting, Certificate in Operation and Safety Procedure of Portable Pneumatic Grinders, Certificate - IAVI's ADVANCE Program: Community engagement and learning: perspectives from researchers and Communities, IAVI Leadership Development Programme, Diploma in School Management.	Public Health	General Secretary: Treatment Action Campaign; SANAC Civil Society Forum; Eastern Cape Health Crisis Action Coalition.	ARF, CEC	33
10. Ms Palesa Santho	Member	12 February 2023	N/A	B-Pharm; Dip: Business Man.	Public Health	SAAHIP; SAPC, SANC.	CEC, Health Portfolio Com- mittee	23

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Term ended	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Commit- tees or Task Teams (e.g: Au- dit committee / Ministerial task team)	No. of Meetings attended
11. Ms Sizeni Mchunu	Member	12 February 2023	N/A	Masters of Arts Degree (Nursing Education), Hons. Degree in Nursing Science, Bachelor of Arts Degree in Nursing Science (Nursing Administration/Management and Community Health Nursing), Diploma in General Nursing and Midwifery, Diploma in Advanced Basic Education and Training, Certificate in Community Development.	Nursing Education	2014 - Interim Council of the Sefako Makgatho Health Sciences (SMU), 2015 Member of the SA Nursing Council, 2015 member of the substan- tive Council of SMU.	CEC, Health Portfolio Com- mittee	23
12. Dr Guin Lourens	Member	20 July 2023	N/A	Doctorate: Public Healthcare Management, Master's Degree: Nursing, Postgraduate Diplomas: Nursing Education, and Health Services Management, Certificates in: Occupational Health Nursing, Primary Health Clinical Curative Care and Treatment, and Palliative Care Homecare B-Cur (General Nursing, Community Health Nursing, Midwifery and Psychiatric Nursing)	Public Health	Western Cape College of Nursing board member, Board Director on Bergzicht Youth Training NGO	CEC, Health Portfolio Com- mittee	23

Executive Committee Meetings of the Board and sub-committees

Below is the list of the attendance of committees for the period 1 April 2024 until 31 March 2025. Committees attended by the **Board Members** for the period 01 April 2024 until 31 March 2025.

1. Table 3: Executive Committee Meetings of the Board

The Executive Committee met three (3) times from 01 April 2024 until 31 March 2025.

Committee	No. of meetings held	No. of members	No. of meeting attended	Name of members
Executive Committee of the Board	No Ordinary meeting three Special meetings	Five	Three	Dr ME Kenoshi (Board Chairperson)
			Three	Dr Reno Morar (Board Vice-Chairperson)
			Three	Prof Rajesh Mahabeer (Chairperson: ARF Commit- tee)
			Three	Prof Usuf Chikte (Chairperson: HRREM Committee)
			Three	Prof Lilian Dudley (Chair: CEC Committee)

2. Table 4: Certification and Enforcement Committee (CEC)

The CEC met seven times from 01 April 2024 until 31 March 2025.

Committee	No. of meetings held	No. of members	No. of meeting attended	Name of members
Certification and Enforcement Committee (CEC)	Four Ordinary meetings Three Special meetings	Seven	Four Ordinary meetings Three Special meetings	Prof Lilian Dudley (Chairperson)
			Four Ordinary meetings Three Special meetings	Prof Mohambry Chetty (Member)
			Four Ordinary meetings Three Special meetings	Ms Sizeni Mchunu (Member)

Committee	No. of meetings held	No. of members	No. of meeting attended	Name of members
			Four Ordinary meetings Three Special meetings	Professor U Chikte (Member)
			Four Ordinary meetings Three Special meetings	Mr Anele Yawa (Member)
			Four Ordinary meetings Three Special meetings	Ms Palesa Santho (Member)
			Four Ordinary meetings Three Special meetings	Dr Guin Lourens (member)

3. Table 5: Human Resource and Remuneration Committee (HRREM Com)

The HR REM Com met four times from 01 April 2024 until 31 March 2025.

Committee	No. of meetings held	No. of members	No. of meeting attended	Name of members
Human Resource and Remuneration Committee (HRREM Com)	Four Ordinary meetings	Four	Four Ordinary meeting	Professor U Chikte Member (Chairperson)
			Four Ordinary meeting	Professor U Chikte Member (Chairperson)
			Four Ordinary meeting	Dr Reno Morar (Member)
			Four Ordinary meeting	Ms. R Msibi (Member)

4. Table 6: Audit, Risk and Finance Committee (ARF Com)

The ARF Com met ten (10) times from 01 April 2024 until 31 March 2025.

Committee	No. of meetings held	No. of members	No. of meeting attended	Name of members
Audit, Risk and Finance Committee (ARF Com)	Four Ordinary meetings Six Special meetings	Four	Four Ordinary meetings Six Special meetings	Prof Rajesh Mahabeer (Chairperson)
			Four Ordinary meetings Six Special meetings	Dr MC Peenze (Member)
			Four Ordinary meetings Six Special meetings	Mr Anele Yawa (Member)
			Four Ordinary meetings Six Special meetings	Dr Reno Morar (Member)

Remuneration of board members

Board members are remunerated in terms of National Treasury tariffs for office-bearers of certain statutory and other institutions. The OHSC Board is classified under Category A, Sub-category A2 of the National Treasury tariffs. Remuneration is approved for meeting preparation and attendance in line with National Treasury hourly tariffs for sub-category A2 entities.

The remuneration paid to each Board member for the year under review is included in the Annual Financial Statements under "Related Parties Transactions" (Note 23). Employees of National, Provincial and Local Government or Agencies and Entities of Government are not paid any fees and are paid only for disbursements.

17. RISK MANAGEMENT

The OHSC has in place the risk management policy and strategy which require management to conduct regular risk assessments to determine the effectiveness of the OHSC risk management strategy and identify new and emerging risks. A strategic risk assessment was conducted resulting in an update of the existing strategic

risk register. Major strategic risks facing the OHSC were identified, together with controls and measures to mitigate against the risks. There is continuous monitoring for effectiveness and new control measures are introduced where inadequacies are identified. The internal audit function is in place and plays an

important role in conducting risk-based audits, enabling management to take action to address any identified gaps.

As the Accounting Authority, the Board is ultimately responsible for risk management and has undertaken the following:

- Evaluating risk profile of the OHSC;
- Monitoring and reviewing the extent to which management has established effective risk management measures in all units;
- Ensuring that management implements ongoing processes to identify, assess and manage risks;
- Forming an opinion about the effectiveness of risk management processes and providing guidance to management; and
- Ensuring the risk management process is formally evaluated on an annual basis.

The ARF Committee advises the Board on risk management and independently monitors the effectiveness of the risk management system in use.

Materiality and significance framework

The Board has, in accordance with Treasury Regulations, developed a materiality and significance framework appropriate to the size and operations of the OHSC.

Materiality

Taking into account the guidelines in National Treasury's Practice Note on Applications Under Section 54 of the

PFMA by Public Entities, the OHSC materiality amount was set at R1,608,476 that is, 1% the total revenue of R160,847,649 in the 2022/23 financial year.

Significance

The Board has decided that the following transactions and/or events will be reported:

- 1. Establishment or participation in the establishment of a company or public entity;
- 2. Participation in a significant partnership, trust, unincorporated joint venture, public-private partnerships or similar arrangement;
- 3. Acquisition or disposal of a significant shareholding in a company;
- Acquisition or disposal of a significant asset that would significantly affect the operations of the OHSC;
- 5. Commencement or cessation of significant business activity;
- A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated;
- 7. Formation of joint venture or similar arrangement;
- 8. A material infringement of legislation that governs the OHSC;
- 9. Material losses resulting from criminal or fraudulent conduct in excess of the materiality parameters; and
- 10. All material facts and/or events, including those reasonably discoverable, which may in any way influence the decisions or actions of the executive authority.

18. INTERNAL CONTROL UNIT

Internal control systems serve to create confidence in the financial position of the OHSC, safeguard assets (including information) and ensure compliance with applicable laws, regulations and government policy prescripts. Internal auditors report on the functioning and effectiveness of internal control systems and make recommendations to management and the ARF Committee. The latter reports to the Board on the internal control environment in the OHSC and monitors the implementation of the audit recommendations for internal control.

The internal control systems were designed to provide reasonable, but not absolute, assurance about the integrity and reliability of the financial statements; safeguard, verify and maintain accountability of assets; detect fraud, potential liability, loss and material misstatement; and comply with applicable laws and regulations.

The AGSA and internal auditors considered the internal control systems as part of their audits and identified some deficiencies. In response, management implemented agreed action plans to address the deficiencies and reported progress to the ARF Committee with the aim of achieving an acceptable audit outcome in the financial year.

Furthermore, the OHSC developed new policies, as well as reviewed existing policies to strengthen the existing internal control environment.

19. INTERNAL AUDIT AND AUDIT, RISK AND FINANCE COMMITTEE

The internal audit function has been outsourced to an external auditing firm. Internal audit provides independent assurance to the Board about the internal control environment in relation to business operations.

- The internal audit function operates in terms of the internal audit charter adopted by the Board on the recommendation of the ARF Committee. This outlines the scope of the function and defines role, responsibilities and authority. The internal audit function operates under the guidance and support of the ARF Committee. However, the OHSC recognises that internal auditing is an independent, objective activity designed to add value through a systematic approach to evaluating and improving the effectiveness of risk management, control and governance processes;
- The ARF Committee provides assurance to the Board about the internal control environment, governance, risk management and financials, including budgeting, and is responsible for;
- Reviewing the internal audit charter, including the scope of work, audit structure and budge;.
- Ensuring effective coordination between internal audit and management, including the monitoring, evaluation and review of significant findings and recommendations by internal audit, management's responses and implementation of remedial action;
- Reviewing the external auditor's proposed annual audit scope, approach and fees to ensure proper coordination between external and internal auditors;
- Reviewing management requests for the provision of non-audit services to ensure these do not impair the independence of the auditors;
- Reviewing the adequacy of the internal control environment, including information and communications technology, security and control;
- Monitoring the implementation of the risk management framework and reviewing significant changes to the risk profile of the OHSC;

- Providing regular feedback to the Board about the adequacy and effectiveness of risk mitigation and management in the OHSC, including recommendations for improvement;
- · Appropriately addressing:
 - Financial reporting risks, including the risk of fraud;
 - Internal financial controls;
 - IT risks as they relate to financial reporting;
- Review whether management has considered legal and compliance risks as part of OHSC risk assessments and the effectiveness of the system for monitoring compliance;
- Obtaining reports from management, the internal auditors and external auditors regarding compliance with all applicable legal and regulatory requirements and acting on them;
- Reviewing the entity's compliance with the National Treasury framework for managing programme performance information and reporting systems and acting on them;
- Evaluating the appropriateness of accounting policies and practices and changes to these, as well as compliance with applicable accounting standards and legal requirements;
- Assessing whether the financial statements present a balanced and understandable assessment of the entity's financial position and performance, and whether they are complete and consistent with prescribed accounting and information known to ARF Committee members;
- Reviewing with management and the external auditors the results of the external audit, including any significant issues identified, and acting on them;
- Reviewing the Annual Report and other regulatory reports before release and considering the accuracy and completeness of the information; and
- Reviewing the "going concern" assumptions.

The table below discloses relevant information on the audit committee members

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Prof Rajesh Mahabeer	CA(SA), FCMA, CGMA, FCA (England & Wales), BFP, FCCA, CIA, FIIASA, M.Inst.D, SARIPA, INSOL, MBA (Derby), MCom (UKZN), Post Grad Dip Acc (UKZN), N Dip Cost Acc (DUT), PhD (Candidate) (WITS)	External	NA	12 February 2023	current	Four Ordinary meetings Six Special meetings

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Dr Maria Peenze	Doctor Technologiae: Business Administration, Magister Legum: Human Rights, Bacca- laureus Legum, Baccalaureus Iuris, Certified Fraud Examiner, Africa Directors Programme, Ethics in the Public Service	External	NA	7 February 2020	Serving 2nd term	Four Ordinary meetings 6 Special meetings
Dr Reno Morar	Public Health Specialist and registered Fellow of the College of Public Health Medicine of South Africa [FCPHM (SA)] Master of Medicine in Community Health [MMed] [With Sub-courses: Diploma in Occupational and Environmental Health (First class pass) and M.Phil. (Epidemiology and Biostatistics)] Post Graduate Diploma in Health Management, Economics and Financial Planning	External	NA	12 February 2023	current	One Ordinary meeting Four Special meetings

20. COMPLIANCE WITH LAWS AND REGULATIONS

The OHSC is committed to working within the prescripts of laws and regulations governing it to ensure compliance with regulations. Adherence and compliance with applicable laws and regulations remain a Board responsibility. The OHSC is also governed by legislation other than its founding legislation, the NHA. As a Schedule 3A public entity, the OHSC is governed by the PFMA and National Treasury Regulations published under the PFMA and other legislative prescripts referred to hereinabove The Board, to give

effect to its commitment to compliance, has approved the Compliance Framework document, which together with the Risk Management Strategy, guide the strategy of the OHSC and support its business processes as part of its overall governance, risk and compliance obligations. A PFMA compliance checklist is used to monitor compliance with the PFMA. The checklist is part of management's reporting responsibilities to the Board through the ARF Committee.

21. FRAUD AND CORRUPTION

The Board is committed to combatting all forms of fraud and corruption. A fraud and corruption prevention plan is in place to create awareness and guide employees on how to report suspected cases of fraud and corruption. The Board is confident that the employees and stakeholders will use the relevant reporting channels, including a fraud hotline. The fraud and corruption prevention plan creates a system of internal controls to assist in preventing and detecting

fraud and corruption. Elements of the system are creating a fraud awareness culture, developing policies and procedures, implementing segregation of duties in business transactions, internal auditing, ongoing risk assessment, and reporting and monitoring allegations of fraud and corruption. The Board, through the ARF Committee, monitors and reviews risks relating to fraud and corruption.

22. MINIMISING CONFLICT OF INTEREST

The Board has a Board Charter in place and procedures to manage issues of conflict of interest (perceived, potential, or actual). Furthermore, the Board has approved a Conflict-of-Interest Policy for the entire entity. On an annual basis, Board members and OHSC employees are required to disclose their financial interests.

Furthermore, at every OHSC senior management and Board meeting, members sign declarations of interest registers indicating any potential conflict of interest related to any agenda item, in which case they must recuse themselves during discussion of that item.

23. CODE OF CONDUCT

The Board charter includes a code of conduct for Board members. This is based on principles of honesty, integrity and ethical leadership and serves as a guide to Board members in protecting OHSC assets and information, as well as managing conflicts of interest.

The OHSC code of conduct for employees is premised on the same principles and aims to protect the reputation of the Office by guiding employees in their interactions with one another and the public. OHSC inspectors, who possess considerable authority in relation to health establishments, are required to sign a code of conduct for inspectors. During the year under review, there were no reported instances of ethical breaches by Board members or employees.

Disciplinary measures are to be taken by the OHSC against any employee who breaches the applicable code, while unethical conduct by a Board member is referred to the Minister of Health for appropriate action.

24. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Beyond its excellent compliance record, the Occupational Health and Safety programme in the OHSC has lived up to the object of leveraging health and safety for long term strategic gains. Through strict adherence to established protocols on health and safety, supported through vibrant regular programmes such as

inspections and audits of equipment, the OHSC created a conducive and safe working environment for staff, and a good reputation amongst clients of the organisation. This programme goes a long way towards reinforcement of a positive organisation culture, as it demonstrates a caring organisation for its staff and other stakeholders.

25. COMPANY/BOARD SECRETARY (IF APPLICABLE)

The Board Secretary manages and provides secretariat services and administrative support to the OHSC Board and Committees to ensure their effective and efficient functioning. The Board Secretary also renders legal advice to the Board and Committees when called upon to do

so. The review and update of the Board Constitution and Terms of Reference for the functioning of the Board and Committees falls under the purview and responsibility of the Board Secretary.

26. SOCIAL RESPONSIBILITY

There were no activities undertaken in the period under review.

27. AUDIT, RISK AND FINANCE COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2025.

Audit Committee Responsibility

During the review period, the ARF Committee complied with its responsibilities in terms of section 51(1) (a) (ii) of the PFMA and Treasury Regulation 27.1, adopted appropriate formal terms of reference as its charter, regulated its affairs in compliance with the charter and discharged the responsibilities described therein.

The Effectiveness of Internal Control

The ARF Committee conducted its review of the findings of the internal audit function, which was based on the risk assessments conducted in the OHSC.

The following internal audit work was completed during the year under review:

- Audit of performance information
- · Annual Performance Plan (2025/26) review
- Five-year Strategic Plan (2025/26 2029/30) review
- Review of policies and procedures
- Human Resources and Payroll review
- · Certification and Enforcement review
- HSDAS Programme review
- Supply Chain Management review
- Legal Services review
- Cyber Security review
- IT General Controls review
- Finance Management review
- · Review of the Annual Financial Statements and
- · Strategic Risk Assessment Facilitation

Based on the reviews conducted by the internal auditors during the financial year, the ARF Committee noted that there were improvements in the main areas of concern around information technology general controls review, as well as cyber security review.

The ARF Committee will continue to monitor the implementation of the recommendations and internal control measures emanating from internal audits.

In-Year Management and Monthly/Quarterly Report

The public entity has submitted monthly and quarterly reports to the Executive Authority, as recommended to the Board by the ARF Committee.

Evaluation of Financial Statements

The ARF Committee reviewed the annual financial statements prepared by the public entity before submission to the external auditors and was satisfied that the financial statements reflected all disclosures required in terms of accounting policies and standards. The audit of the financial statements also confirmed that the statements submitted were prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (a) and (b) of the PFMA.

The outcome of the audit of the financial statements indicated the OHSC's commitment to good governance, accountability and continuous improvement which build on the foundation that has been laid in prior years.

Prof Rajesh Mahabeer

Chairperson of the Audit, Risk and Audit Committee

Date: 1 August 2025

28. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:				
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)		
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable to OHSC		
Developing and implementing a preferential procurement policy?	Yes	OHSC supply chain management policy outlines the process to be followed to contribute to the implementation of the Preferential Procurement Policy Framework Act.		
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable to OHSC		
Developing criteria for entering into partnerships with the private sector?	No	Not applicable to OHSC		
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	Not applicable to OHSC		



PART D: HUMAN RESOURCE MANAGEMENT

29. INTRODUCTION

29.1 Overview of Human Resources (HR) matters in OHSC

OHSC delivers comprehensive HR services and support to employees, facilitating the office in reaching its strategic goals. Additionally, it strives to foster a conducive and productive environment, empowering employees to contribute effectively to the organisation's objectives and mandate.

29.2 HR priorities for the year under review and the impact of these priorities

Workforce planning and key strategies to attract and recruit a skilled and capable workforce

For the year under review, workforce planning was conducted within the confines of the available budget, and as a result, 142 positions were funded. For the purpose of attracting and recruiting a skilled workforce, a skills retention policy is used to attract and retain current staff in cases where they opt to leave the organisation. In addition to this, the exist interviews are also conducted to determine the push factors. Furthermore, to attract external candidates, the remuneration policy is in place and allows the OHSC to offer a better offer in instances where remuneration is a discouraging factor for one to decline the offer.

Employee Performance Management

The OHSC ensured that the performance management policy and procedures have been implemented. In order to recognise the performance and motivate employees, the performance recognition rewards were implemented in line with the policy. During this year under review,

the OHSC also reviewed the performance management system and finalise consultation with employees. The revised policy will be implemented in the new financial year.

Employee Wellness Programme

The OHSC implemented the employee wellness programme during the year under review. To give effect to, several wellness programme activities were implemented to address the psycho-social problem. To access this programme, employees have a free hotline to which they can refer themselves. The other referral to the programme is in the form of an employer referral and this occurs in instances where a manager detects a particular problem with an employee.

Policy Development

The OHSC developed and reviewed a range of policies. This set of policies includes, amongst others revised inconvenience policy, recognition of improved attainment of improved qualification, fixed term contract, employee transfer policy, policy on prevention and elimination of harassment in the OHSC world of work, Policy on reasonable accommodation and tools of trade for people with disabilities.

Training and Development

In order to equip the employees with the necessary skills, the Workplace Skills Plan was developed and implemented. Based on the plan, the number a employees attended short course training, seminars, workshops and conferences.

30. CHALLENGES ENCOUNTERED

Due to the nature of the mandate of the OHSC and therefore the unique work which is done by units and employees in these units, some senior management positions have proved to be very difficult to fill, due to the skills mix, education and experience required from incumbents of these posts. This has had an adverse effect on the organisations ability to deliver in some areas. Further to this challenge, the shortage of funded posts to deliver on the overall mandate of the organisation possess an ongoing problem.

31. FUTURE HR PLANS/GOALS

The future plans of the OHSC include the revision of the current business delivery model, which will lead to a new organogram, both at an advanced stage. In addition to this, an Integrated HR Strategy will be developed to support the Organisation's Strategy. Furthermore, the

human resources unit will be central in facilitating a transition process wherein employees have to relocate to a new office building secured by the OHSC in Centurion, following a procurement process concluded.

32. HUMAN RESOURCE OVERSIGHT STATISTICS

32.1. Personnel-related expenditure

32.1.1. Personnel Cost by programme/ activity/ objective

Programme	Total Expenditure for the entity	Personnel Expenditure	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee
Administration	81,780,526	37,916,194	29%	38	997,794
Compliance Inspectorate	64,291,934	45,745,645	35%	52	879,730
Complaints Management and Office of the Ombud	32,941,059	31,440,573	24%	33	952,745
Health Standards Design, Analysis and Support	14,145,308	13,269,209	10%	11	1,206,292
Certification and Enforcement	3,647,009	3,237,627	2%	3	1,079,209
Total	196,805,836	131,609,248	100%	137	960,651

32.1.2. Personnel cost by salary band

Level	Personnel Expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
Top Management	13,337,803	10%	7	1,905,400
Senior Management	15,520,112	12%	11	1,410,919
Professional qualified	39,239,108	30%	34	1,154,091
Skilled	46,309,307	35%	60	771,822
Semi-skilled	17,202,918	13%	25	688,117
Unskilled				
Total	131,609,248	100%	137	960,651

32.1.3. Performance Rewards

Level	Performance rewards	Personnel Expenditure	% of performance rewards to total personnel cost	Average personnel cost per employee
Top Management	-	13,337,803	0%	1,905,400
Senior Management	-	15,520,112	0%	1,410,919
Professional qualified	-	39,239,108	0%	1,154,091
Skilled	-	46,309,307	0%	771,822
Semi-skilled	-	17,202,918	0%	688,117
Unskilled	-		0%	
TOTAL	-	131,609,248	0%	960,651

32.1.4. Training Costs

Activity	Personnel Expenditure	Training Expenditure	% of performance rewards to total personnel cost	Average personnel cost per employee	Avg training cost per employee
Training Expenditure	131,609,248	1,513,555	1.15%	67	22,590

32.1.5. Employment and vacancies per programme

Programme/activity/objective	2024/2025 Approved Posts	2024/2025 No. of Employees	2024/2025 Vacancies	% of vacancies
Administration	39	38	1	2,6%
Compliance Inspectorate	55	52	3	5,5%
Complaints Management and Ombud	33	33	0	0%
Health Standards Design, Analysis and Support	12	11	1	8%
Certification and Enforcement	3	3	0	0%
Total	142	137	5	3,5%

32.1.6. Employment and vacancies per post level

Level	2023/2024 No. of Employees	2024/2025 Approved Posts	2024/2025 No. of Employees	2024/2025 Vacancies	% of vacancies
Top Management	6	8	7	1	12,5%
Senior Management	11	13	11	2	15,3%
Professional qualified	28	34	34	0	0%
Skilled	58	62	60	2	3,2%
Semi-skilled	23	25	25	0	0%
Unskilled	0	0	0	0	0%
Total	126	142	137	5	3,5%

The number of permanent and funded posts increased from 132 in the previous reporting year to 142 in the year under review. The ten posts were within the Office of the Health Ombud. Of the 142 posts, 137 were filled as at 31 March 2025.

Three of the five vacancies are SMS positions i.e. one executive manager and two senior managers. Despite

several attempts made to fill these positions, two of the three vacancies are more than 12 months vacant.

The specialised work of the OHSC, its limited remuneration offers, and competition with Occupation Specific Dispensation (OSD) offered by the health department, are some of the push factors constraining recruitment efforts in the OHSC.

32.1.7. Employment changes by post level

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	7	0	0	7
Senior Management	11	2	2	11
Professional qualified	28	6	0	34
Skilled	62	4	6	60
Semi-skilled	21	7	3	25
Unskilled	0	0	0	0
Total	129	19	11	137

32.1.8. Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	
Resignation	10	90,9%
Dismissal	0	

Reason	Number	% of total no. of staff leaving
Retirement	1	9,1%
III health	0	
Expiry of contract	0	
Other	0	
Total	11	100%

There were 11 terminations during the reporting period, of which 10 were due to resignations and one was due to a retirement. Ten resignations constitute 7,2% turnover rate, which is regarded as an acceptable in terms

of general industry norms. In the context of the OHSC, these resignations were mostly from administrative categories who have little promotion possibilities due to the entity's flat structure and small size.

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	1
Final Written warning	1
Dismissal	0
Total	2

During the period under review, the OHSC saw a decline in misconduct cases. The two cases were finalised during the financial year 2024/2025.

32.10. Equity Target and Employment Equity Status

Levels		MALE						
	Afri	ican	Colo	oured Indian		White		
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	2	0	0	0	0	0	0
Senior Management	7	6	0	1	1	1	0	0
Professional qualified	14	12	1	1	0	0	0	0
Skilled	13	13	0	1	0	0	1	1
Semi-skilled	11	10	0	1	0	0	0	1
Unskilled	0	0	0	0	0	0	0	0
Total	48	43	1	4	1	1	1	2

Levels	FEMALE							
	AFRI	ICAN	COLOURED INDIAN		DIAN	WHITE		
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	3	0	1	1	1	0	1
Senior Management	2	2	0	1	0	1	1	1
Professional qualified	17	14	0	0	1	0	1	1
Skilled	45	44	1	1	0	0	0	0
Semi-skilled	13	10	0	0	0	0	1	1
Unskilled	0	0	0	0	0	0	0	0
Total	80	73	1	3	2	2	3	4

Levels	DISABLED STAFF					
	Male Current Target		Female			
			Current	Target		
Top Management	0	0	0	0		
Senior Management	0	0	0	0		
Professional qualified	0	0	0	0		
Skilled	0	1	0	1		
Semi-skilled	0	0	1	1		
Unskilled	0	0	0	0		
Total	0	1	1	2		

For the year under review, the OHSC has not been able to restore the balance in terms of female representation in senior management positions. The gap resulted from terminations of female managers over the last two reporting periods i.e. 2023/'24 and 2024/'25. Notwithstanding this scenario, the OHSC has more female representation across all other occupational categories. Furthermore, the organisation will be targeting female candidates to fill vacant senior management positions.



PART E:PFMA COMPLIANCE REPORT

33. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

33.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2024/25	2023/2024	
	R	R	
Opening balance	-	-	
Add: Irregular expenditure confirmed	-	-	
Less: Irregular expenditure condoned	-	-	
Less: Irregular expenditure not condoned and removed	-	-	
Less: Irregular expenditure recoverable	-	-	
Less: Irregular expenditure not recovered and written off	-	-	
Closing balance	-	-	
No irregular expenditures were incurred in the current and prior years	·	·	

Reconciling notes

Description	2024/25	2023/2024	
	R	R	
Irregular expenditure that was under assessment in 2024/25	-	-	
Irregular expenditure that relates to 2022/23 and identified in 2024/25	-	-	
Irregular expenditure for the current year	-	-	
Total	-	-	

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description ¹	2024/25		2023/2024	
		R	R	
Irregular expenditure under assessment		-	-	
Irregular expenditure under determination		-	-	
Irregular expenditure under investigation		-	-	
Total ²		-	-	
No irregular expenditures were incurred in the current and prior years				

c) Details of current and previous year irregular expenditure condoned

Description	2024/25	2023/2024	
	R	R	
Irregular expenditure condoned	-	-	
Total	-	-	
No irregular expenditures were incurred in the current and prior years			

lo irregular expenditures were incurred in the current and prior years

d) Details of current and previous year irregular expenditure removed - (not condoned)

Description	2024/25	2023/2024	
	R	R	
Irregular expenditure NOT condoned and removed	-	-	
Total	-	-	
No irregular expenditures were incurred in the current and prior years			

Group similar item:

² Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct

e) Details of current and previous year irregular expenditure recovered

Description	2024/25	2023/2024
	R	R
None	-	-
Total	-	-

No irregular expenditures were incurred in the current and prior years

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2024/25	2023/2024
	R	R
Irregular expenditure written off	-	-
Total	-	-
No irregular expenditures were incurred in the current and prior years	'	

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description	
None	
Total	
No irregular expenditures were incurred in the current and prior years	

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2024/25	2023/2024
	R	R
None	-	-
Total	-	-

 $No\ irregular\ expenditures\ were\ incurred\ in\ the\ current\ and\ prior\ years$

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken	
None	
No irregular expenditures were incurred in the current and prior years	

33.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2024/25	2023/2024
	R	R
Opening balance	64,909	84,909
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-(8,475)	(20,000)
Closing balance	56,434	64,909

The fruitless and wasteful expenditure pertains to overpayment of leave credit. Payment arrangements have been made with concerned former employee. The fruitless and wasteful expenditure resulted from a salary payment made to a resigned employee at the beginning of the financial year. The affected employee has acknowledged the debt and is repaying the amount.

Reconciling notes

Description	2024/25	2023/2024
	R	R
Fruitless and wasteful expenditure that was under assessment in 2024/25	-	-
Fruitless and wasteful expenditure that relates to 2022/23 and identified in 2024/25	-	-
Fruitless and wasteful expenditure for the current year	-	-
Total	-	-

b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description ³	2024/25	2023/2024	
	R	R	
Fruitless and wasteful expenditure under assessment	-	-	
Fruitless and wasteful expenditure under determination	-	-	
Fruitless and wasteful expenditure under investigation	-	-	
Total ⁴	-	-	
None			

c) Details of current and previous year irregular expenditure recovered

Description	2024/25	2023/2024
	R	R
Irregular expenditure condoned	-	-
Total	-	-
No irragular expanditures were incurred in the current and prior years		

d) Details of current and previous year irregular expenditure not recovered and written off

Description	2024/25	2023/2024
	R	R
None	-	-
Total	-	-
No irregular expenditures were written off during the year under review.		

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken	
None	

33.3. Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))

a) Details of current and previous year material losses through criminal conduct

Material losses through criminal conduct	2024/25	2023/2024	
	R	R	
Theft	-	-	
Other material losses	-	-	
Less: Recovered	-	-	
Less: Not recovered and written off	-	-	
Total	-	-	
None			

³ Group similar items

⁴ Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation) (investigation)

b) Details of other material losses

Nature of other material losses	2024/25	2023/2024
	R	R
None	-	-
Total	-	-
None		

c) Other material losses recovered

Nature of losses	2024/25	2023/2024
	R	R
None		
Total		-
None		

d) Other material losses written off

Nature of losses	2024/25	2023/2024
	R	R
None	-	-
Total	-	-

34. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value	
		R	
Valid invoices received	668	69,292,696.54	
Invoices paid within 30 days or agreed period	668	69,292,696.54	
Invoices paid after 30 days or agreed period	-	-	
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-	
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-	
Invoices submitted late to finance for payment		<u> </u>	

35. SUPPLY CHAIN MANAGEMENT

35.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R
Registration fees for Health Ombud	Health Ombud Botswana International	Sole supplier	N/A	4,918.63
Annual renewal membership for the OHSC	Isqua	Sole supplier	N/A	17, 658.45
Training for Management	The London School of Economics and Politics Science	Sole supplier	N/A	24,160.00
Advertisement of two posts	P-Net		N/A	15,285.80
Total				62,022.88

35.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of cur- rent contract expansion or variation
Supply of purified water	Pure Fresh Water (Pty) Ltd	Expansion	OHSCQ27/2024	84,870.00	-	12,730.00
Printing of OHSC Risk-Based Inspection and Investigation reports	Print on Demand	Expansion	N/A	9,163.07	-	1,152.34
External Venue for Central and Tertiary Hospital Guidance and Support Roadshow	Thaba Legae Guest Lodge	Expansion	N/A	25,975.00	-	5,270.00
Extension of lease agreement	Mergence Africa Property Investment Trust	Expansion	N/A	56,803,733.00	8,116,608.00	2,171,192.50
					Total	2,190,344.84



PART F: FINANCIAL INFORMATION

Index

Report of the Auditor-General to Parliament on Office of Health Standards Compliance	79 - 82
Compliance with Legislation - Selected Legislative Requirements	83
Accounting Authorties's Responsibility and Approval	84
Accounting Authority's Report	85
Statement of Financial Position	86
Statement of Financial Performance	88
Statement of Changes in Net Assets	88
Cash Flow Statement	89
Statement of Comparison of Budget and Actual Amounts	90 - 91
Significant Accounting Policies	92 - 101
Notes to the Annual Financial Statements	102 - 114

Report of the Auditor-General to Parliament on Office of Health Standards Compliance

Report on the audit of the financial statements Opinion

- 1. I have audited the financial statements of the Office of Health Standards Compliance set out on pages 86 to 114, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
- 2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of Health Standards Compliance as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act.

Basis for opinion

- 3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditorgeneral for the audit of the financial statements section of my report.
- 4. I am independent of the in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
- 5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accounting Authority for the financial statements

6. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA; and for such internal control as the Accounting Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the Accounting Authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

- 8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 82, forms part of our auditor's report.

Report on the annual performance report

- 10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The Accounting Authority is responsible for the preparation of the annual performance report.
- 11. I selected the following material performance indicators related to the Compliance Inspectorate presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Percentage of public health establishments inspected for compliance with the norms and standards.

- Percentage of private health establishments inspected for compliance with the norms and standards.
- Percentage of additional inspections (reinspection) conducted in public and private health establishments that have completed the regulated reporting period and where noncompliance was identified.
- Number of reports of inspections conducted with the names and location of the health establishments every six months published.
- Number of annual report that set out the compliance status of all health establishments and summarises the number and nature of the compliance notices issued published.
- 12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
- 13. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements

- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets to improve performance.
- 14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
- 15. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

- 17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements to improve performance.
- 18. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 25-53.

Programme 2 - Compliance Inspectorate

Targets achieved: 60%		
Budget spent: 104%		
Key indicator not achieved	Planned target	Reported achievement
Percentage of private health establishments inspected for compliance with the norms and standards.	21%	18,44%
Number of annual report that set out the compliance status of all health establishments and summarise the number and nature of the compliance notices issued published.	1	0

Report on compliance with legislation

- 19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The Accounting Authority is responsible for the public entity's compliance with legislation.
- 20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
- 21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the , clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
- 22. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

- 23. The Accounting Authority is responsible for the other information included in the annual report which includes foreword by the Chairperson, audit risk and finance committee report and human resource management. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme, presented in the annual performance report that have been specifically reported on in this auditor's report.
- 24. My opinion on the financial statements and my report on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
- 25. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme, presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

I did not identify any significant deficiencies internal control.

Auditor-General

Pretoria 28 July 2025





Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-General's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the 's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made

- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Accounting Authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with Legislation - Selected Legislative Requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	
	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1) (c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3)(c); 66(5)
Treasury regulations	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b);
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	
	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	
	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Par. 4.3.2; 4.3.3
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1

Annual Financial Statements for the year ended 31 March 2025

Accounting Authority's Responsibilities and Approval

The Accounting Authority are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Authority acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Authority are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Authority have reviewed the entity's cash flow forecast for the year to 31 March 2026 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The annual financial statements set out on page 86-114, which have been prepared on the going concern basis, were approved by the accounting authority on 29 July 2025 and were signed on its behalf by:

Dr. S Mndaweni Chief Executive Officer Dr. E Kenoshi Chairperson of the Board

Annual Financial Statements for the year ended 31 March 2025

Accounting Authority's Report

The Accounting Authority submit their report for the year ended 31 March 2025.

1. Incorporation

The OHSC is a Schedule 3A Public Finance Management Act (Act 1 of 1999) public entity established in terms of the National Health Amendment Act, 12 of 2013. It commenced its operation on the 1st of April 2015 and its Executive Authority is the Minister of Health.

2. Review of activities

Main business and operations

- Monitoring and enforcing compliance by health establishments with norms and standards prescriced by the Minister of health in relation to the national health system; and
- Ensuring consideration, investigation and disposal of complaints related to non-compliance with prescribed norms and standards in a procedurally fair, economical and expeditious manner.

Net deficit of the entity was R 8,283,071 (2024: deficit R 19,442,520). The deficit was funded from the 2023-2024 financial year surplus of R11.9 million as approved by National Treasury.

3. Going concern

We draw attention to the fact that at 31 March 2025, the entity had an accumulated surplus of R15,937,992 and that the entity's total liabilities exceed its assets by R 15,937,992. The surplus arose largely due to interest revenue generated and commitments that straddle financial years.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. Subsequent events

The members are not aware of any matter or circumstance arising since the end of the financial year.

5. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Position as at 31 March 2025

Figures in Rand	Note(s)	2025	2024
Assets			
Current Assets			
Receivables from exchange transactions	3	1,202,958	1,476,153
Receivables from non-exchange transactions	4	56,997	76,276
Cash and cash equivalents	5	19,286,122	23,042,921
	_	20,546,077	24,595,350
Non-Current Assets			
Property, plant and equipment	6	7,929,503	10,452,498
Intangible assets	7	1,120,265	1,795,302
	-	9,049,768	12,247,800
Total Assets	- -	29,595,845	36,843,150
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	6,709,053	6,005,508
Provisions	9	6,948,800	6,616,579
	-	13,657,853	12,622,087
Total Liabilities	-	13,657,853	12,622,087
Net Assets	- -	15,937,992	24,221,063
Accumulated surplus	-	15,937,992	24,221,063
Total Net Assets	_	15,937,992	24,221,063

OFFICE OF HEALTH STANDARDS COMPLIANCEAnnual Financial Statements for the year ended 31 March 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024
Revenue			
Revenue from exchange transactions			
Interest received - investment	10	2,892,170	2,902,237
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	11	181,599,000	161,546,000
Other income	12	49,410	1,356
Total revenue from non-exchange transactions		181,648,410	161,547,356
Total revenue	13	184,540,580	164,449,593
Expenditure			
Board fees and related costs	14	(2,199,721)	(2,016,739)
Employee related costs	15	(131,609,248)	(123,732,039)
Depreciation and amortisation	16	(7,180,218)	(6,526,555)
Operating expenses	17	(51,834,464)	, , ,
Total expenditure		(192,823,651)	(183,892,113)
Deficit for the year		(8,283,071)	(19,442,520)

Annual Financial Statements for the year ended 31 March 2025

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2023	40,403,557	40,403,557
Revaluation surplus	3,260,026	3,260,026
Net income (losses) recognised directly in net assets Surplus for the year	3,260,026 (19,442,520)	3,260,026 (19,442,520)
Total recognised income and expenses for the year	(16,182,494)	(16,182,494)
Total changes	(16,182,494)	(16,182,494)
Balance at 01 April 2024	24,221,063	24,221,063
Deficit for the year	(8,283,071)	(8,283,071)
Total changes	(8,283,071)	(8,283,071)
Balance at 31 March 2025	15,937,992	15,937,992

Annual Financial Statements for the year ended 31 March 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024
Cash flows from operating activities			
Receipts			
Grants		181,599,000	161,546,000
Interest income		2,892,170	2,902,237
Other income		49,410	1,356
		184,540,580	164,449,593
Payments			
Compensation of employees		(130,943,805)	(124,284,600)
Suppliers		(51,171,667)	(55,779,194)
Board payments	14	(2,199,721)	(2,218,427)
		(184,315,193)	(182,282,221)
Net cash flows from operating activities	20	225,387	(17,832,628)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(876,844)	(954,365)
Purchase of other intangible assets	7	(3,105,342)	(3,820,097)
Net cash flows from investing activities		(3,982,186)	(4,774,462)
Net increase/(decrease) in cash and cash equivalents		(3,756,799)	(22,607,090)
Cash and cash equivalents at the beginning of the year		23,042,921	45,650,011
Cash and cash equivalents at the end of the year	5	19,286,122	23,042,921

Annual Financial Statements for the year ended 31 March 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis		Reference
Figures in Rand					actual	
Statement of Financial Performa	ance					
Revenue						
Revenue from exchange transactions						
nterest received - investment	-	-	-	2,892,170	2,892,170	
Revenue from non-exchange ransactions						
Fransfer revenue	104 500 000	44.070.000	193,572,262	101 500 000	(11,973,262)	20.4
Government grants & subsidies Other income	181,599,000 -	11,973,262	193,372,202	181,599,000 49,410	49,410	29.1
Fotal revenue from non- exchange transactions	181,599,000	11,973,262	193,572,262	181,648,410	(11,923,852)	
Total revenue	181,599,000	11,973,262	193,572,262	184,540,580	(9,031,682)	
Expenditure						
Employee related costs	(124,635,400)	(8,321,721)	(132,957,121)	(131,609,248)	1,347,873	29.2
Board fees and related costs	(1,764,736)	-	(1,764,736)	(2,199,721)	(434,985)	29.3
epreciation and amortisation	- -	-	-	(7,180,218)	(7,180,218)	
Operating expenses	(50,640,864)	(1,917,556)	(52,558,420)	(51,834,464)	723,956	29.4
Total expenditure	(177,041,000)	(10,239,277)	(187,280,277)	(192,823,651)	(5,543,374)	
Deficit before taxation	4,558,000	1,733,985	6,291,985	(8,283,071)	(14,575,056)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	4,558,000	1,733,985	6,291,985	(8,283,071)	(14,575,056)	

Annual Financial Statements for the year ended 31 March 2025

Statement of Comparison of Budget and Actual Amounts Budget on Cash Basis

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis		Reference
Figures in Rand					actual	
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange	-	-	-	1,202,958	1,202,958	
Receivables from non-exchange transactions	-	-	-	56,997	56,997	
Cash and cash equivalents	-	-	-	19,286,122	19,286,122	
-	-	-	-	20,546,077	20,546,077	
- Non-Current Assets						
Property, plant and equipment	770,000	754,114	1,524,114	7,929,503	6,405,389	
ntangible assets	3,788,000	979,871	4,767,871	1,120,265	(3,647,606)	
_	4,558,000	1,733,985	6,291,985	9,049,768	2,757,783	
Total Assets	4,558,000	1,733,985	6,291,985	29,595,845	23,303,860	
Liabilities						
Current Liabilities Payables from exchange	-	-	-	6,709,053	6,709,053	
Provisions	-	-	-	6,948,800	6,948,800	
-	-	-	-	13,657,853	13,657,853	
Total Liabilities	-	-	-	13,657,853	13,657,853	
Net Assets	4,558,000	1,733,985	6,291,985	15,937,992	9,646,007	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	4,558,000	1,733,985	6,291,985	15,937,992	9,646,007	

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024
-----------------	---------	------	------

1. Significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 55 (1)(b) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.3 Going concern assumption

The annual financial statements have been prepared on a going concern basis and the Accounting Authority has no reason to believe that the entity will not be a going concern in the foreseeable future. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlements of liabilities, contingent obligations and commitment will occur in the ordinary course of business.

1.4 Transfer of functions between entities under common control

Accounting by the entity as acquirer

Initial recognition and measurement

As of the transfer date, the entity recognises the assets transferred and liabilities assumed in a transfer function. The assets acquired and liabilities assumed are measured at their carrying values.

The difference between the carrying amounts of the assets acquired, the liabilities assumed and the consideration paid to the transferor, is recognised in accumulated surplus or deficit.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. However, no material differences are envisaged.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Provisions

Provisions were measured based on the probable estimated future cash outflows that may be needed to settle the obligation that may arise. Additional disclosure of these estimates of provisions are included in note 9 - Provisions.

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Effective interest rate

The entity uses an appropriate interest rate taking into account guidance provided in the standards, and applying professional judgement to the specific circumstances to discount future cash flows. The entity uses the prime interest rate to discount future cash flows.

Depreciation and amortisation

Depreciation and amortisation amounts on property, plant and equipment, as well as intangible assets, were calculated based on expected useful lives of the underlying assets. The estimation of the assets' useful lives is based on the management judgement related to the assets condition at the end of the period use. The estimates take to into account the nature of the OHSC's business and how the assets will be utilised in the normal operation of the OHSC, including the impact of advancing technology.

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The residual value, useful life, depreciation method and revaluation of each asset are reviewed at the end of each reporting date.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for Motor Vehecle, IT equipment and Office equipment which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.6 Property, plant and equipment (continued)

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Items of property, plant and equipment are derecognised when an asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the proceeds from disposal and the carrying value of the asset, and is recognised in the statement of financial performance.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	10 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	5 years
IT equipment	Straight-line	4-5 year
Leasehold improvements	Straight-line	lease period

1.7 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.7 Intangible assets (continued)

Where the carrying amount of an item of intangible asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged at the statement of financial performance.

Item of intangible assets are derecognised when the asset is disposed of or when there are further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the proceeds from the disposal and the carrying value of the assets, and recognised in the statement of financial performance.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	5 years or licence period

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.8 Financial instruments

In the course of the OHSC operations it is exposed to interest rate, credit, liquidity and market risk. The risk management process relating to each of these risks is discussed under the headings below.

Credit risk

Financial assets which potentially subject the OHSC to the risk of non-performance by the counter-parties and hereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents and receivable from exchange transactions.

The OHSC manages/limits its treasury counter-party exposure by only dealing with well established financial institutions approved by the National Treasury through the approval of the investment policy in terms of Treasury Regulations.

Market risk

The OHSC is exposed to fluctuations in the employment market, for example, sudden increases in events, unemployment and changes in the wage rates. No significant event occurred during the year that the OHSC is aware of.

Liquidity risk

The OHSC manages liquidity risk through proper management of working capital, capital expenditure and actual expenditure vs. forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained.

Fair values

The OHSC's financial instruments consists mainly of cash and cash equivalents. No financial instruments were carried at an amount in excess of its fair value and fair values could be measured for all financial instruments. The following methods and assumptions are used to determine the fair value of each class of financial instrument.

Investments

Investments consists of short-term deposits invested in registered commercial banks, and are measured at fair value. Interest on investment is calculated using the effective interest method and is recognised in the statement of financial performance as revenue from exchange transactions.

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred or when substantially all risk and reward of ownership have been transferred.

Cash and cash equivalents

Cash and cash equivalents is made of cash on hand, cash held at banks and deposits with banks. The carrying amount of cash and cash equivalents approximates fair value.

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.8 Financial instruments (continued)

Other receivables from exchange transactions

The carrying amount of other receivables from exchange transactions approximates fair values due to the relatively short-term maturity of these assets.

Trade and other receivable

Trade and other receivables are recognised as financial assets; loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus/deficit when there is an objective believe that the asset is impaired. Significant financial difficulties of the debtor, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured for all the debtors with an indication of impairment. Impairments are determined based on the risk profile of each debtor. Amounts that are receivable within 12 months from the reporting date are classified as current. The carrying amount of an asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance within the operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognised as recoveries in the statement of financial performance.

Trade and other payables

Financial liabilities consist of payables and borrowings. They are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method, which is the initial carrying amount, less repayments and, plus interest.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

- The contractual rights to the cash flows from the financial asset expire, are settled or waived;
- The entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- The entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
- Derecognises the asset; and
- Recognise separately any rights and obligations created or retained in the transfer.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.8 Financial instruments (continued)

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished -i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.9 Tax

Tax expenses

The OHSC is exempt from income tax in terms of section 10 (1) of the Income Tax Act No 58 of 1962.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.11 Employee benefits

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and nonmonetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.12 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 23.

1.13 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

1.14 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that acrrued to the entity directly in turn for services rendered or goods sold. the value of which approximates the consideration received or receivable. Revenue is recognised to the extent that is probable that the economic benefit will flow to the OHSC and revenue can be reliably measured. Revenue is measured at fair value of the consideration receivable on an accrual basis. Revenue includedd investments and non-operating income exclusive of rebates and discounts.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Interest received

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.15 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the entity received revenue from another entity without giving approximately equal value in exchange. Revenue from non-exchange transaction is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefit or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

1.16 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including

- (a) this Act; o
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2022/2023 which was issued in terms of sections 76(1)(b), (e) and (f), (2)(e) and (4)(a) and (c) of the PFMA requires the following (effective from 03 January 2023):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonation is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following inancial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.19 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.19 Budget information (continued)

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2024 to 31/03/2025.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

The annual financial statements and the budget are on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 28.

1.20 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

The following parties are deemed to be related parties of the OHSC:

- Controlling party refers to the National Department of Health (NDoH) which the OHSC reports to, and from where the OHSC receives its funding.
- This includes the Executive Authority of the NDoH.
- The Board of the OHSC this refers to persons appointed by the Minister of Health in terms of section 79A, 79B and 79C of the National Health Amendment Act 2013. In this category are all the Committees of the Board as constituted by the Board from time to time.
- Key management personnel this includes all persons having the authority and responsibility for planning, directing and controlling the operational activities of the entity. Such personnel include the Chief Executive Officer, Chief Financial Officer, Chief Operations Officer and other members of the Executive Management Committee.
- Close family members of key management personnel and Board members of the OHSC.
- In accordance with GRAP 20, as a minimum, the following shall be considered to be close family members:
- that person's children and spouse or domestic worker;
- children of that person or that person's spouse or domestic worker
- dependants of that person or that person's spouse or domestic worker;
- a grandparent, grandchild, parent, brother, or sister; and
- a parent-in-law, brother-in-law and sister-in-law.
- Entities under the same control refers to public entities that are under the control of the NDoH, under which the OHSC reports.

1.21 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date)

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.22 Segment reporting

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

The OHSC operates from one office located in Pretoria, South Africa.

1.23 Comparative figures

Where prior period accounting errors are identified in the current period, prior year comparative figures are restated retrospectively to align to changes in the current period. The presentation and classification of both the prior period and current period are consistent, and the nature and the reason of the classification and/or restatement are disclosed in the annual financial statements.

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
-----------------	------	------

2. New standards and interpretations

2.1 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected im	pact:	
GRAP 1: Presentation on financial statements	01 April 2025	Not expected to impresults but may results disclosur		
GRAP 103: Heritage assets	01 April 2025	Not expected to impact results but may result in additional disclosure		
GRAP 104: Financial instruments	01 April 2025	Not expected results but madditional dis	ay result in	
GRAP 105: Transfer of functions between entities under common 01 April 2025 control		Not expected results but madditional dis	ay result in	
GRAP 106: Transfer of functions between entities not under common control	01 April 2025	Not expected results but madditional dis	ay result in	
GRAP 107: Mergers	01 April 2025	Not expected results but madditional dis	to impact ay result in	
Amendments: Improvements to standards of GRAP	ents: Improvements to standards of GRAP 01 April 2025 Not expresults to		Not expected to impact results but may result in additional disclosure	
3. Receivables from exchange transactions				
Prepaid expenses	_	1,202,958	1,476,153	
4. Receivables from non-exchange transactions				
Sundry debtors	_	56,997	76,276	
5. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand Bank balances Short-term deposits	_	4,420 1,016,881 18,264,821	4,420 4,665,850 18,372,651	
	_	19,286,122	23,042,921	

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

6. Property, plant and equipment

•	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Office equipment	3,442,158	(2,528,173)	913,985	3,305,054	(1,902,918)	1,402,136
Furniture and fixtures	6,298,812	(4,337,813)	1,960,999	6,290,813	(3,728,230)	2,562,583
Motor vehicles	1,000,000	(400,000)	600,000	1,000,000	(200,000)	800,000
IT equipment	12,766,859	(8,312,340)	4,454,519	13,017,489	(7,348,443)	5,669,046
Leasehold improvements	-	-	-	1,102,255	(1,083,522)	18,733
Total	23,507,829	(15,578,326)	7,929,503	24,715,611	(14,263,113)	10,452,498

Reconciliation of property, plant and equipment - 2025

	Opening	Additions	Depreciation	Total
Office equipment	balance 1.402.136	137.103	(625,254)	913.985
Furniture and fixtures	2,562,583	7.999	(609,583)	1,960,999
Motor vehicles	800.000	7,999	(200,000)	600.000
IT equipment	5,669,046	731,742	(1,946,269)	4,454,519
Leasehold improvements	18,733	-	(18,733)	-
	10,452,498	876,844	(3,399,839)	7,929,503

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening	Additions	Disposals	Revaluations	Depreciation	Total
	balance					
Office equipment	462,740	104,303	-	1,021,253	(186,160)	1,402,136
Furniture and fixtures	3,171,366	-	-	-	(608,783)	2,562,583
Motor vehicles	1,000,000	-	-	-	(200,000)	800,000
IT equipment	4,872,169	850,062	(44,534)	2,238,773	(2,247,424)	5,669,046
Leasehold improvements	243,536	-	-	-	(224,803)	18,733
	9,749,811	954,365	(44,534)	3,260,026	(3,467,170)	10,452,498

7. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	10,030,115	(8,909,850)	1,120,265	10,083,857	(8,288,555)	1,795,302

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software	1,795,302	3,105,342	(3,780,379)	1,120,265

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	ıotai
Computer software	1,034,590	3,820,097	(3,059,385)	1,795,302
·				

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand			2025	2024
8. Payables from exchange transactions				
Trade payables			259,707	536,387
Accrued expenses		_	6,449,346	5,469,121
		-	6,709,053	6,005,508
9. Provisions				
Reconciliation of provisions - 2025				
		Opening Balance	Additions	Total
Provision for motor vehicle repairs Provision for leave		322,717 6,293,862	332,221	322,717 6,626,083
	-	6,616,579	332,221	6,948,800
Reconciliation of provisions - 2024				
	Opening Balance	Additions	Reversed during the year	Total
Provision for motor vehicle repairs Provision for leave	- 7,179,884	322,717	(886,022)	322,717 6,293,862
	7,179,884	322,717	(886,022)	6,616,579

Provision for motor vehicles repairs

The five vehicles were damaged by the OHSC employee, including one Avis rental car and four Hertz rental cars. The OHSC is obligated to reimburse rental car companies for the damages incurred. It is uncertain when payment will be made. An investigation is currently underway into the matter at hand.

The expected reimbursement concerning this provision will be ascertained subsequent to the conclusion of the investigation and other internal processes.

Provision for leave

Employees' entitlement to annual leave is recognised when it accrues from 01 January to 31 December and will be forfeited on 30 June the following year. A provision is made on the estimated liability for annual leave as a result of services rendered by employees up to the amount of the obligation.

There is no expected reimbursement in respect of this provision.

10. Investment revenue

Interest revenue Bank	2,892,170	2,902,237
Interest from call investment account.		
11. Government grants & subsidies		
Operating grants Government grant	181,599,000	161,546,000

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

	2025	2024
12. Other income		
Insurance refunds	47,971	_
Administration fees	1,439	1,356
	49,410	1,356
13. Revenue		
Interest reseived investment	0.000.470	2 002 227
Interest received - investment Government grants & subsidies	2,892,170 181,599,000	2,902,237 161,546,000
Other income	49,410	1,356
	184,540,580	164,449,593
The amount included in various origins from such as one of search as a serious		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Interest received - investment	2,892,170	2,902,237
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue	104 500 000	101 510 000
Government grants & subsidies Other income	181,599,000 49,410	161,546,000 1,356
Cuter meetine	181,648,410	161,547,356
AA Baadhaan dalahahaan	· · · · · · · · · · · · · · · · · · ·	
14. Board fees and related costs		
Board fees and reimbursements	1,729,073	1,815,415
Other expenditures	470,648	201,324
	2,199,721	2,016,739
15. Employee related costs		
Basic salary	94,839,119	92,433,475
Basic salary Service bonus	94,839,119 6,349,146	92,433,475 5,642,337
Service bonus Medical aid - company contributions	6,349,146 4,407,032	5,642,337 3,963,849
Service bonus Medical aid - company contributions Unemployment Insurance Fund	6,349,146 4,407,032 317,571	5,642,337 3,963,849 317,400
Service bonus Medical aid - company contributions Unemployment Insurance Fund Compensation fund	6,349,146 4,407,032 317,571 217,970	5,642,337 3,963,849 317,400 216,652
Service bonus Medical aid - company contributions Unemployment Insurance Fund Compensation fund Leave paid and provided for	6,349,146 4,407,032 317,571 217,970 1,888,726	5,642,337 3,963,849 317,400 216,652 461,647
Service bonus Medical aid - company contributions Unemployment Insurance Fund Compensation fund Leave paid and provided for Pension fund employer contribution	6,349,146 4,407,032 317,571 217,970 1,888,726 11,086,106	5,642,337 3,963,849 317,400 216,652 461,647 9,875,046
Service bonus Medical aid - company contributions Unemployment Insurance Fund Compensation fund Leave paid and provided for Pension fund employer contribution Overtime payments	6,349,146 4,407,032 317,571 217,970 1,888,726 11,086,106 25,728	5,642,337 3,963,849 317,400 216,652 461,647
Service bonus Medical aid - company contributions Unemployment Insurance Fund Compensation fund Leave paid and provided for Pension fund employer contribution	6,349,146 4,407,032 317,571 217,970 1,888,726 11,086,106 25,728 26,617 11,104,880	5,642,337 3,963,849 317,400 216,652 461,647 9,875,046 104,117
Service bonus Medical aid - company contributions Unemployment Insurance Fund Compensation fund Leave paid and provided for Pension fund employer contribution Overtime payments Long-service awards Other non-pensionable allowances Inconvenience allowances	6,349,146 4,407,032 317,571 217,970 1,888,726 11,086,106 25,728 26,617 11,104,880 966,836	5,642,337 3,963,849 317,400 216,652 461,647 9,875,046 104,117 48,492 9,757,140 834,480
Service bonus Medical aid - company contributions Unemployment Insurance Fund Compensation fund Leave paid and provided for Pension fund employer contribution Overtime payments Long-service awards Other non-pensionable allowances	6,349,146 4,407,032 317,571 217,970 1,888,726 11,086,106 25,728 26,617 11,104,880	5,642,337 3,963,849 317,400 216,652 461,647 9,875,046 104,117 48,492 9,757,140
Service bonus Medical aid - company contributions Unemployment Insurance Fund Compensation fund Leave paid and provided for Pension fund employer contribution Overtime payments Long-service awards Other non-pensionable allowances Inconvenience allowances	6,349,146 4,407,032 317,571 217,970 1,888,726 11,086,106 25,728 26,617 11,104,880 966,836	5,642,337 3,963,849 317,400 216,652 461,647 9,875,046 104,117 48,492 9,757,140 834,480
Service bonus Medical aid - company contributions Unemployment Insurance Fund Compensation fund Leave paid and provided for Pension fund employer contribution Overtime payments Long-service awards Other non-pensionable allowances Inconvenience allowances	6,349,146 4,407,032 317,571 217,970 1,888,726 11,086,106 25,728 26,617 11,104,880 966,836 379,517	5,642,337 3,963,849 317,400 216,652 461,647 9,875,046 104,117 48,492 9,757,140 834,480 77,404
Service bonus Medical aid - company contributions Unemployment Insurance Fund Compensation fund Leave paid and provided for Pension fund employer contribution Overtime payments Long-service awards Other non-pensionable allowances Inconvenience allowances Termination benefits 16. Depreciation and amortisation	6,349,146 4,407,032 317,571 217,970 1,888,726 11,086,106 25,728 26,617 11,104,880 966,836 379,517 131,609,248	5,642,337 3,963,849 317,400 216,652 461,647 9,875,046 104,117 48,492 9,757,140 834,480 77,404 123,732,039
Service bonus Medical aid - company contributions Unemployment Insurance Fund Compensation fund Leave paid and provided for Pension fund employer contribution Overtime payments Long-service awards Other non-pensionable allowances Inconvenience allowances Termination benefits	6,349,146 4,407,032 317,571 217,970 1,888,726 11,086,106 25,728 26,617 11,104,880 966,836 379,517	5,642,337 3,963,849 317,400 216,652 461,647 9,875,046 104,117 48,492 9,757,140 834,480 77,404

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
17. General expenses		
Advertising	104,500	319,619
Audit cost (Refer to Note 18)	1,577,213	1,395,536
Bank charges	91,683	137,510
Cleaning	731,150	652,582
Consulting and professional fees	2,093,792	1,553,234
Consumables	586,206	379,662
Legal fees	208,338	1,445,766
Insurance	344,838	158,824
IT maintenance and support	6,994,970	3,429,014
Marketing and publication	508,103	1,430,861
Motor vehicle expenses Staff relocation	192,038 218,673	497,088 67,105
Postage and courier	29,311	28,797
Printing and stationery	499,312	781,780
Security expenses	887,135	910,039
Subscriptions and membership fees	201,645	424,682
Telephone and fax	1,844,375	1,832,826
Training and skills development	1,513,555	943,277
Travel, subsistence and accommodation (Refer to Note 19)	20,349,322	18,683,314
Water, electricity, rates and taxes	3,291,696	3,242,357
Repairs and maintenance	-	388,128
Catering services	169,310	114,610
Lease costs	8,553,723	12,103,020
Loss on assets written-off	<u>-</u>	44,533
Venue and facilities	843,576	652,616
	51,834,464	51,616,780
18. Auditor's remuneration		
Internal audit	652,293	584,527
External audit	924,920	811,009
	1,577,213	1,395,536
19. Travel, subsistence and accomodation		
Travel	10,451,411	8,740,475
Accomodation	6,923,406	7,397,522
Subsistence	2,974,505	2,545,317
Capolistones	20,349,322	18,683,314
	20,040,022	10,000,014
20. Cash generated from (used in) operations		
Deficit Advantage for the control of	(8,283,071)	(19,442,520)
Adjustments for: Depreciation and amortisation	7,180,218	6,526,555
	<u>-</u>	925,117
Movements in operating lease assets and accruals	332,221	(563,305)
	332,221	(000,000)
Movements in provisions	-	44,532
Movements in provisions Loss on asset written-off Changes in working capital:	-	44,532
Movements in provisions Loss on asset written-off Changes in working capital: Receivables from exchange transactions	273,195	44,532 1,008,604
Movements in provisions Loss on asset written-off Changes in working capital: Receivables from exchange transactions Other receivables from non-exchange transactions	- 273,195 19,279	1,008,604 81,858
	273,195	44,532 1,008,604

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
21. Financial instruments disclosure		
Categories of financial instruments		
2025		
Financial assets		
	At amortised cost	Total
Other receivables from non-exchange transactions Cash and cash equivalents	56,997 19,286,122	56,997 19,286,122
	19,343,119	19,343,119
Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transactions	6,709,053	6,709,053
2024		
Financial assets		
	At amortised cost	Total
Other receivables from non-exchange transactions Cash and cash equivalents	76,276 23,042,921	76,276 23,042,921
	23,119,197	23,119,197
Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transactions	6,005,507	6,005,507

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
22. Commitments		
Authorised capital expenditure		
 Already contracted for but not provided for Property, plant and equipment Intangible assets 	620,143 499,680	754,114 979,871
	1,119,823	1,733,985
Total capital commitments Already contracted for but not provided for	1,119,823	1,733,985

The above capital commitments were made by year end, but the servicce will only be rendered after the end of the financial year.

Operating leases - Office space

Minimum lease payments due

	21,608,445	4,734,688
- in second to fifth year inclusive	12,475,681	-
- within one year	9,132,764	4,734,688

The OHSC has an outstanding commitment in respect of lease of office space with Mergence Africa Property Investment Trust. The lease agreement expires on the 31 August 2025. No annual escalation rate.

The OHSC has entered into a lease agreement with JR 209 Investment (Pty) Ltd for the period ot two years commencing from 01 August 2025 to 31 July 2027. The annual escalation rate is 6%.

Operating leases photocopying machine

	264,509	417,940
- in second to fifth year inclusive	73,288	226,719
- within one year	191,221	191,221

23. Contingencies

Retention of the surplus

Based on the National Treasury's retention of surplus calculation, the OHSC had a surplus of R6,888,223.00 which is the difference between current assets and liabilities. In accordance with Section 53(3) of the PFMA, a request to retain the 2024/2025 financial year surpluses of R6,888,223.00 will be submitted to National Treasury for approval.

Alleged unfair suspension

One employee was suspended, and she took the matter to the Commission for Conciliation, Mediation and Arbitration (CCMA), where the CCMA ruled in favour of the employee. The OHSC was ordered to pay an employee two months salary amounting to a R207,538.31 in total for employees. The OHSC lodged a Labour Court review application on the ruling. The Labour Court is yet to issue set down date on this matter.

Alleged unfair dismissal

Following an internal disciplinary process, an employee was dismissed. The employee took the matter to the CCMA and the CCMA ruled in favour of the OHSC. The employee has taken the matter to the Labour Court for a review.

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
rigures in rand	2023	202 4

24. Related parties

Relationships

Controlling entity National Department of Health

Related party balances

Grant received

National Department of Health 181,599,000 161,546,000

Remuneration of management

Remuneration of management: Non-Executive Members

2025

	Board fees	Reimbursement	Total
Name			
Dr. M.E. Kenoshi (Chairperson of the Board)	207,804	7,619	215,423
Dr. R. Morar (Vice Chairperson of the Board)	111,475	-	111,475
Dr. M. Peenze	161,677	207	161,884
Prof. U Chikte	201,180	-	201,180
Ms. T Msibi	-	17,410	17,410
Prof. M. Chetty	95,006	-	95,006
Prof. L. Dudley	140,079	-	140,079
Ms. P. Santho	140,059	476	140,535
Ms. S. Mchunu	156,147	2,701	158,848
Prof. R. Mahabeer	178,766	4,161	182,927
Mr. A. Yawa	183,464	2,550	186,014
Dr. G. Lourens	118,292	-	118,292
	1,693,949	35,124	1,729,073

2024

	Board fees	Reimbursement	Total
Name			
Dr. M.E. Kenoshi (Chairperson of the Board)	177,025	2,753	179,778
Dr. R. Morar (Vice Chairperson of the Board)	63,353	-	63,353
Dr. M. Peenze	188,012	-	188,012
Prof. U Chikte	209,185	-	209,185
Ms. T Msibi	-	20,423	20,423
Prof. M. Chetty	185,377	-	185,377
Prof. L. Dudley	101,560	-	101,560
Ms. P. Santho	179,792	338	180,130
Ms. S. Mchunu	117,814	2,400	120,214
Prof. R. Mahabeer	236,008	2,706	238,714
Mr. A. Yawa	230,731	9,000	239,731
Dr. G. Lourens	88,938	-	88,938
	1,777,795	37,620	1,815,415

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
r igares in realia	2020	

24. Related parties (continued)

Remuneration of management: Executive Members

2025

	Basic salary	Pension fund	Non- pensionable allowance and other payments		Reimbursement	Total
Name			p,			
Dr. S. Mndaweni (Chief Executive Officer)	1,637,042	212,815	754,531	-	13,536	2,617,924
Dr. M. Mathebula (Chief Operations Officer)	1,373,463	178,550	297,747	114,455	8,520	1,972,735
Prof. T. Mokoena	2,545,854	-	2,125	-	22,940	2,570,919
Mr. J. Mapatha (Chief Financial Officer)	1,204,979	156,647	404,353	99,220	4,165	1,869,364
Dr. D. Jacobs (Executive Manager: Complaints Management)	1,201,853	156,241	360,964	-	2,400	1,721,458
Mrs. W. Moleko (Executive Manager: HSDAS)	1,103,155	143,410	359,723	91,323	6,628	1,704,239
Mr. T. Ntsoane (Executive Manager: Corporate Service)*	1,149,353	149,416	249,510	63,853	3,538	1,615,670
	10,215,699	997,079	2,428,953	368,851	61,727	14,072,309

^{*}Mr. T. Ntsoane was appointed on 01 April 2024.

2024

	Basic salary	Pension fund	Non- pensionable allowances and other payments		Acting allowance	Total
Name						
Dr. S. Mndaweni (Chief Executive Officer)	1,428,667	204,430	686,945	-	-	2,320,042
Dr. M. Mathebula (Chief Operations Officer)	1,310,018	171,222	382,809	4,523	-	1,868,572
Prof. M. Makgoba (Former Ombud)*	490,702	-	454,185	3,513	-	948,400
Prof. T. Mokoena (New Ombud)	2,024,025	-	1,771	10,816	-	2,036,612
Mr. J. Mapatha (Chief Financial Officer)	1,033,200	134,316	310,609	1,245	57,147	1,536,517
Ms. D. Tsukudu - (Executive Manager: Compliance Inspectorate)	135,424	17,605	258,845	-	-	411,874
Dr. D. Jacobs (Executive Manager: Complaints Management)	1,145,128	148,867	344,928	2,610	-	1,641,533
Mrs. W. Moleko (Executive Manager: HSDAS)	988,692	128,530	296,760	10,303	-	1,424,285
Prof. L. Dudley (Acting Chief Executive Officer)	401,259	_	76,628	-	-	477,887
	8,957,115	804,970	2,813,480	33,010	57,147	12,665,722

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
-----------------	------	------

25. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities. The bank balance of R19,286,122 is avaliable to cover future commitments.

As at 31 March 2025 Current liabilities	Less than 1 year 13,657,853	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As at 31 March 2024	Less than 1 vear	Betwwen 1 and 2 years	Between 2 and 5 years	Over 5 years
Current liabilities	12,622,087	and 2 years	and 5 years	

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors as per note 3, 4 and 5. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise of prepayment expenses, therefore, credit risk is managed on an ongoing basis.

Market risk

Interest rate risk

By the end of the financial year, the OHSC had significant cash invested in a short term investment account. The OHSC generally adopted an approach ensuring that its exposure to changes in interest rate is on floating rate basis. The OHSC does not have any interest-bearing borrowing and as a result, there is no adverse exposure relating to interest rate movement in borrowings.

26. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern and Accounting Authority has no reason to believe that the entity will not be a going concern in the foreseeable future.

This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

27. Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure Fruitless and wasteful expenditure	-	-
Closing balance	-	-

*Refer to reconciling notes in the annual report

28. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
28. Reconciliation between budget and statement of financial performance (continued)		
Net deficit per the statement of financial performance Adjusted for:	(8,283,071)	(19,442,520)
(Over)/under collection	9,031,682	(2,903,593)
Over/(under) budget expenditure	5,543,374	26,008,423
Net surplus per approved budget	6,291,985	3,662,310

29. Budget differences

Material differences between budget and actual amounts

29.1 Government grants and subsidies

• The amount reflected as budget shortfall is not necessarily a shortfall, as the funds had already been received by the OHSC in the prior year 2023/24 and approved as surplus retention by the National Treasury in 2024/25. The funds had already been reported as part of revenue in the prior year and are disclosed as an adjustment to the 2024/25 budget.

29.2 Compensation of employees

 The compensation costs include the appointment of employees on short term contract which were funded from the prior year surplus as approved by the National Treasury.

29.3 Board fees and related costs

• During the year under review, there were more Board engagements than anticipated, and as a result additional Board fees were incurred. The extra costs for these meetings were defrayed from savings within the OHSC.

29.4 Operating expenses

Major operating costs comprise largely of travel, subsistence and accommodation, IT maintenance and support, as well as
leasing of office space. In general, operating expenditure was contained within the overall allocated budget, supplemented
by interest received on investments, as well as prior year surplus as approved by the National Treasury.

30. Segment information

General information

Identification of segments

As per the strategic plan and annual performance plan, the OHSC is structured around its core mandate as stipulated in the National Health Act, 2003. The objective of the OHSC are to protect and promote the health and safety of users of health services, by monitoring and enforcing compliance by health establishments with prescribed norms and standards, as well as ensuring consideration and disposal of complaints relating to non-compliance with norms and standards. As a results, all financial resources and risks are allocated to the OHSC as a whole to deliver on the core mandate of the OHSC.

Although the OHSC, through its mandate, renders a service to the entire Republic of South Africa, it operates from a single location based in Pretoria, South Africa. It is against this background that management considers the entity as a single segment, whose financial results and position have been adequately disclosed in the annual financial statements.

31. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

32. Changes in accounting policy

Property, plant and equipment

At the end of 31 March 2024, the entity changed its accounting policy for IT equipment and office equipment from the cost model to the revaluation model. Management takes the view that this policy provides more reliable and relevant information because it is based on up-to-date values. The policy has been applied prospectively from the end of 31 March 2024, as it was not practical to estimate the effects of applying the policy either restrospectively or prospectively from any earlier date.

The effect on the prior period is to increase the carrying amount of property, plant and equipment at the end of the period by R3,260,026.88 and to create a revaluation reserve at the end of 31 March 2024 by R3,260,026.88.

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 31 March 2025 is as follows:

Statement of Financial Position

Property, plant and equipment
Previously stated
Adjustment

-	7,071,179
-	3,260,026
-	3,811,153



Telephone:

012 942 7700

Physical Address:

Office of Health Standards Compliance 79 Steve Biko Road, Prinshof, Pretoria

Postal Address:

Private Bag X21, Arcadia, 0007

Website:

www.ohsc.org.za

ISBN: 978-0-620-90156-7

