



## A U D I T O R - G E N E R A L

An overview of the significant findings at the three selected hospitals highlighted that there were no records that could be submitted for audit purposes with regard to the handling and disposal of medical waste, as well as for the record keeping and disposal of expired medicine. This indicates not only a lack of a proper audit trail, but also a lack of adequate and/or sufficient internal controls, thus making it impossible to establish the nature and extent of expired pharmaceutical stock and the movement of medical waste from the point of origin until the final disposal stages. It could therefore not be established whether the medical waste had been disposed of at a suitable, permitted facility. These shortcomings were aggravated by the finding that medical waste was mixed with other household (municipal) waste and that the access to medical waste was not always restricted. Furthermore, it was also found that in those instances where the hospital was responsible for incinerating its own waste, the permit/certificate to operate this incinerator, as required by section 9 of the Atmospheric Pollution Prevention Act, 1965 (Act No. 45 of 1965), could not be shown to the auditors. It could therefore not be verified whether the hospitals did comply with all set standards.

With no proper management system in place and a general lack of capacity in the management of medical waste in the establishment of the hospitals, compounded by limited financial and personnel resources, the enforcement of current legislation, regulations and procedures is, at best, reactive and not proactive.

The photograph below shows the mixture of medical waste (red bags) with household waste. The risk is very high that this hazardous medical waste will be disposed of together with the household waste at a general municipal landfill site. This is not only an illegal action but also increases the risks to humans of infectious diseases.

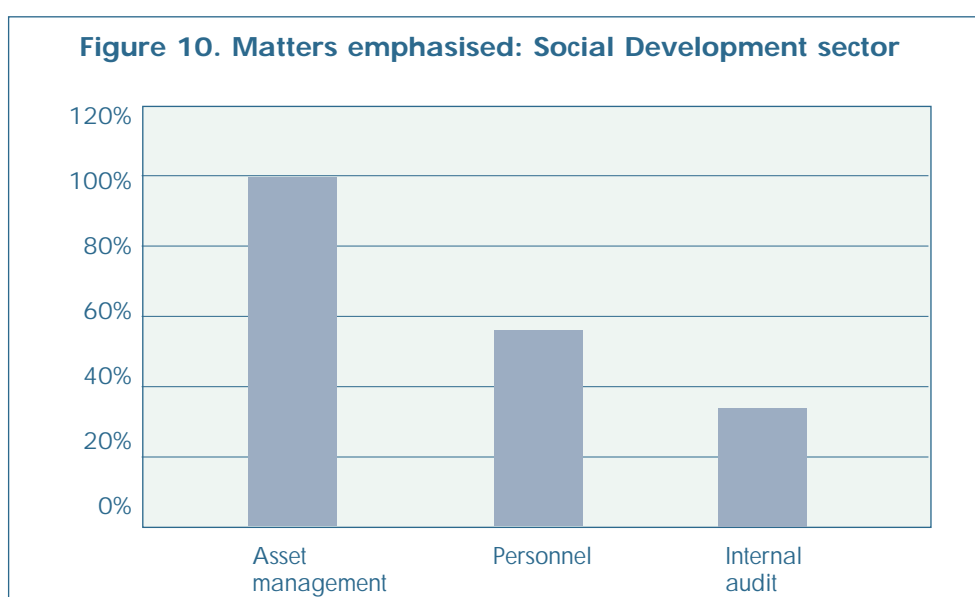




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## 2.2.4 Social Development sector

In terms of Social Development the matters emphasised did not include transfer payment issues as reported for Education and Health. Figure 10 below gives an indication of the incidence of reporting on the other categories. Once again the issue of asset management is the most widespread, with all nine provinces reporting asset management under matters emphasised.



## 3. REVIEW OF NATIONAL PUBLIC ENTITIES

### 3.1 CLASSIFICATION OF PUBLIC ENTITIES

Public entities are classified into different schedules based on their nature and level of autonomy. A brief review is provided below.

#### 3.1.1 Schedule 2

Schedule 2 entities are referred to as the major public entities and are profit seeking and declare dividends. These entities have the most autonomy of all the public entities as they operate in a competitive marketplace and are run in accordance with ordinary business principles. They also have extensive borrowing powers.

#### 3.1.2 Schedules 3B and 3D

Schedule 3B and 3D entities are referred to as government business enterprises. These entities generate income, but may be either substantially



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self funded or substantially government funded. As a result they have less autonomy than the schedule 2 public entities even though they are still run in accordance with ordinary business principles. These entities also have limited borrowing powers.

### **3.1.3 Schedules 3A and 3C**

The remaining public entities, other than the major public entities and the government business enterprises, are classified as schedule 3A and 3C entities. These entities are normally extensions of a department with the mandate to fulfil a specific economic or social responsibility of government. They rely on government funding and public money, either by means of a transfer from the Revenue Fund or through statutory money. As such, these entities have the least autonomy.

## **3.2 ANALYSIS OF REVENUE AMONG THE DIFFERENT SCHEDULED PUBLIC ENTITIES**

The public entities reviewed for the purpose of this report include the following schedules:

- Schedule 2
- Schedule 3A
- Schedule 3B

For the entities reviewed (those public entities for which information was received) the total revenue was just over R125 billion. This is greater than any of the total expenditure amounts for national departments or provincial sectors analysed. Figure 11 below shows the split of revenue among the different schedules.

The vast majority of revenue rests with schedule 2 public entities. They received 77% (R97 billion) of the total amount of revenue for national public entities. The figure below summarises the revenue accrued by the different scheduled public entities. However, the smaller schedule 3 public entities still have a combined revenue in excess of R28 billion. Of the total revenue, just over R4,5 billion is received through transfer payments, with 90% of this amount going to schedule 3 entities.