SECTION 3

District Health Management

About this section

This section describes the responsibilities of district management teams and outlines the district health management cycle. Special emphasis is placed on the District Health Plan as the starting point of the cycle. This section is the basis for further sections on financial management.

The health district is the decentralised unit, and building block, of the National Health System. The District Health System (DHS) encourages managers to take charge and make decisions about health services and the allocated resources.

The role of the District Management Team (DMT) is to:
- Mix and allocate the available resources in the best possible way to meet the basic health needs of the community they serve.
- Ultimately the aim is to improve the health status of the community they serve.

In order to do this, the DMT has to manage resources and services according to a District Health Plan, the strategic plan for the district. The District Health Plan outlines what the district would like to achieve, what for and how it will assess achievement.

Only when district health budgets are managed at the district level, will South Africa be able to say that it has a District Health System.

3.1 District Health Management

In the public sector there is a huge demand for scarce resources. For this reason, Management Teams (MTs) need to find the best way to balance needs with the resources available. MTs need to understand public resources management.

Public Resource Management is about managing the level, quality and quantity of services rendered.

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3 Managers referred to include managers at the various levels in the District Health System (DHS), be it a facility or at a district office level, a municipality or decentralised provincial office.
Figure 2: Balancing needs, demands and resources

The figure below shows how limited resources should be used in order that community needs and demands are met in the best possible way.

**Need** — These are the ought-to-be service priorities identified in a community by determining the gaps in the health status, the disease profile in a community as well as back-logs in services.

**Demand** — This refers to the way that people utilise the health service.

The fulcrum (triangle) shows the type of management decisions required in combining resources. These decisions are about the following:

**Range of services**
This means that different facilities might render different services. For example not all facilities will render a non-core service such as x-ray services.

**Quality of service**
The most appropriate level of quality needs to be determined. For example not every patient at a community health centre will see a doctor or be x-rayed. The professional nurse will screen patients first and patient care will be according to certain protocols.

**Level of service**
Not all facilities will render the same level of service. It depends on factors such as services at surrounding facilities and affordability. A clinic doing deliveries, for example, may only cater for basic uncomplicated obstetric care and not include vacuum or forceps extraction.
Figure 3: The District Health Management Cycle

District Health Management works in a cyclical way. It starts with planning, then implementation with continuous monitoring, until eventually evaluation, which in turn informs planning. The diagram below demonstrates the district health management cycle.

**Planning and Budgeting**

*Planning* involves designing the district health plan and getting a clear picture of the range of inputs (personnel, vehicles and equipment) needed, as well as how these will be combined to achieve priority goals.

**Design the District Health Plan in the following way:**
- Analyse the current services, resources and health trends
- Prioritise and plan the activities that would form the best option to improve the situation
- Quantify the inputs required to carry out the activities
- Cost the amount of money required to pay for these inputs
- Prepare budget (all activities together)
- Negotiate a proper district allocation
- Refine plan and prepare final budget

**Implementation**

(The process of doing the activity or intervention.)

*Implementation* is about using the resources to have uninterrupted service delivery.

**Things to consider:**
- Will the way we organise our services bring about the most health returns?
- Should we improve our support systems to improve delivery?
- What capacities are lacking?
- Are the mechanisms in place to monitor the implementation and the outcomes?

**Monitoring**

*Monitoring* is about checking progress against the District Health Plan. It is also about keeping a close eye on expenditure, making sure revenue is collected, and watching the quality of care.

**How much have we completed?**
- Is this in line with our district health plan?
- Is it taking longer than we thought? Why?
- Checking of total money spent to date against the budget
- Is there anything we need to change in the remainder of the activity?

**Evaluation**

*Evaluation* is about looking back at the complete picture, the good and the not-so-good and being able to account for these. Evaluation lays the foundation for the next planning cycle.

**How have we performed?**
- How much did we spend overall?
- What has the impact been?
- Could we have achieved a better result with a different strategy?
- Did our services address the basic health needs and future health needs?
- How efficient were we?
- Did the community enjoy equal access for equal need?
- What were the pitfalls and constraints?
3.2 Developing a District Health Plan

Districts should begin by developing a District Health Plan, also called a Strategic Plan. The District Health Plan lays the foundation for implementing services and spending money. In Local Government-led health districts, the District Health Plan forms part of the Integrated Development Planning process. The District Health Plan needs to be population-based, meaning that it clearly needs to unpack the target population it serves and plan according to that population.

The District Health Plan has three main components.

- A situation analysis.
- A strategic direction.
- An operational plan.

3.2.1 The situation analysis

The situation analysis aims to answer three main questions:

1. Are the services addressing the (current and future) health needs?
2. Are the current services efficient, equitable and sustainable?
3. How suitable are the organisational arrangements for service provision?

The following table will guide the district to obtain answers to these questions.
Table 1: The Situation Analysis

<table>
<thead>
<tr>
<th>Question</th>
<th>Information needed</th>
<th>What it tells</th>
<th>How it helps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are the services addressing the (current and future) health needs?</td>
<td>• Demographic and socio-economic profile of the various communities in the district.</td>
<td>• It shows which communities would benefit the most from the resources and services.</td>
<td>• To allocate resources and render services.</td>
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<td></td>
<td>• Gaps in health status and main health problems amongst the communities.</td>
<td>• It shows which health programmes require strengthening.</td>
<td>• To strengthen service programmes.</td>
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<tr>
<td></td>
<td>• Disease profiles and trends in the communities.</td>
<td>• It shows future demands on health resources.</td>
<td>• To re-allocate resources towards needs.</td>
</tr>
<tr>
<td></td>
<td>• Gaps in achieving previous targets.</td>
<td>• It also shows which services to monitor closely.</td>
<td></td>
</tr>
<tr>
<td>Are the current services efficient, equitable and sustainable?</td>
<td>• How the communities access and use the services (e.g. utilisation figures).</td>
<td>• It shows where access needs to be improved, as well as in what areas the distribution and use of resources need to change.</td>
<td>• To improve the allocation and management of resources.</td>
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<td></td>
<td>• Information on how efficient service delivery happens. (See later sections for detail.)</td>
<td>• It highlights areas where the quality of care could be inferior.</td>
<td>• To focus investigation for the improvement of delivery.</td>
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<td>• Information that shows whether the service is sustainable, for example, expenditure patterns and spending versus budget. (See later sections for detail.)</td>
<td>• It shows whether the present trend in spending, and therefore service provision, is sustainable.</td>
<td>• To re-plan the way services are organised and delivered.</td>
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<td>• Define obstacles to uninterrupted service delivery.</td>
<td>• It shows what capacities are needed, as well as what changes are necessary to ensure management structures and systems will bring about a well-run service.</td>
<td>• To re-allocate resources to ensure sustainable services.</td>
</tr>
<tr>
<td>How suitable are the organisational arrangements of service provision?</td>
<td>• Capacities required to improve service delivery.</td>
<td>• It also shows where the provincial/municipal office should provide support to unlock delivery.</td>
<td>• To design capacity building and support programmes.</td>
</tr>
<tr>
<td></td>
<td>• Strengths and weaknesses in organisational structures and support systems such as information or drug distribution systems.</td>
<td></td>
<td>• To improve support systems.</td>
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<td></td>
<td></td>
<td></td>
<td>• To strengthen management.</td>
</tr>
</tbody>
</table>

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The information captured in the situation analysis needs to be analysed according to the column What it tells, whilst strategies are designed according to the column How it helps.

**3.2.2 Strategic direction**

This is made up of a vision, mission and a strategy and gives a focus for what will happen for the next few years. It flows from the situation analysis and is designed by top and middle managers, but all staff should be involved if they are to feel that they are part of it.

**The vision and mission**

This vision is like an ideal or a dream and draws on the vision of the Department or Municipality. The mission describes the core business, its reason for existence, and gives an idea of how the district aims to realise the vision.

**The strategy**

This gives a broad idea of what will be done to achieve the mission.

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**EXAMPLE**

**Vision:**
Satisfied patients through service excellence.

**Mission:**
To be a well-resourced health district rendering comprehensive, affordable health care of a high standard to the community of the Namaqualand, through friendly and professional health workers and well-maintained facilities.

**Strategies to achieve the mission:**
1. Establish quality improvement strategies in each section.
2. Treat patients at appropriate levels of care.
3. Strengthen management and management support systems.

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**3.2.3 Operational Plan**

The Operational Plan outlines in detail what will happen for the current year and gives a broad idea of what will happen for the next two years. It uses the situation analysis to prioritise and appraise which actions would be most suitable to bring about improvement in the current situation.

The Operational Plan outlines the following:
- The Service Plan (captured as service goals and a plan of how services are to be organised).
- Inputs, such as nurses and vehicles, required to fulfill that plan and how these inputs will be distributed.
- Monitoring and evaluation of targets to check progress and achievement.

**The Service Plan**

To develop service goals, the management team would need to do the following:

- Make sure that the goals reflect the steps needed to work towards the mission. Each goal should have a specific focus and an outcome or impact that can be measured.
- Design the steps (objectives and activities) required to achieve these goals. Assessing these helps the management team to monitor progress. (See Section 8 for details.)

- Ensure services are organised to guarantee optimal delivery at best quality and best price.

**EXAMPLE**

Goal: Satisfied clients at the Springbok Hospital
Objective: Establish one quality improvement (QI) activity in each section of the hospital by end December 2001.
Activities:
1. Orientate section heads on the principles of quality improvement.
2. Identify a person who will co-ordinate QI projects in the hospital.
3. Each section identifies one QI project and develops a plan accordingly.
4. Monitor the plans of each section.

**Determining the input**
Determine the range of inputs, such as personnel and vehicles required to implement the service plan. These inputs represent costs. For example, a staff member represents: a salary, a housing allowance, and other costs. These inputs are then combined in a budget. (This will be explained in more detail in section 5.)

**Preparing to monitor and evaluate**
The District Management Team (DMT) needs to identify what measures will give information about progress in service delivery and in the use of resources. Targets are necessary for services, for expenditure, as well as for revenue.

- **Setting service targets.**
Each service goal represents an output. It is important to determine measures that will tell the DMT staff and communities whether they are on track towards the output as well as how they will know whether they have reached it. The goals must be defined clearly and the data identified that will help the team to assess progress and achievement. It usually helps to design intermediate steps towards the goal, for example:

<table>
<thead>
<tr>
<th>Problem</th>
<th>Intermediate outputs</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low TB cure rate of 65%</td>
<td>1. Increase the proportion of TB patients that participate in the DOTS programme from 80% to 90% . 2. TB drugs are never out of stock at the clinic.</td>
<td>Increased TB cure rate of 75%</td>
</tr>
</tbody>
</table>
- **Setting targets for expenditure and revenue.**
  The district needs to stay within budget and that the revenue needs to be collected. (See Section 7 for more details.) Furthermore, from the situation analysis of previous efficiencies, new targets for example, the average cost per visit and average drug cost per visit could be determined and monitored.

**EXAMPLE**

Vision:
Facilities in the Tshepano Health District to the average measure of indicators of similar facilities. The averages for the district are:

Average cost per visit:
- Fixed clinics: R 48
- Mobile clinics: R 57
- Community Health Centres: R 57
- District Hospital outpatients / casualties: R 171
- District Hospital in-patients: R 514
- Emergency medical services: R 224 per patient transported

Drug expenditure per visit:
- Fixed clinics: R 5
- Mobile clinics: R 12
- Community Health Centres: R 6
- District hospital casualties: R 6
- District hospital in-patients: R 19

Workload (average number of clients seen per nurse per day):
- Fixed clinics: 38
- Mobile clinics: 18
- Community Health Centres: 33
- District hospital: 3

**Good performance in this phase**

**The following measures would indicate good district health management:**
- ✔ Develop a district health plan / strategic plan in each district.
- ✔ Distributing resources and services according to the district health plan / strategic plan.
- ✔ Constantly aiming to balance needs, demands and resources.
## Addendum 1

### District and Institutional level financial responsibilities and functions

<table>
<thead>
<tr>
<th>Function</th>
<th>Specific details</th>
</tr>
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<tbody>
<tr>
<td><strong>1. Financial Management System</strong></td>
<td>i) Authorise expenditure with delegations and Financial and Personnel Norms and Standards:</td>
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<tr>
<td></td>
<td>● Subsistence and Travel</td>
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<td>● Miscellaneous payment</td>
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<td>● Ordering and payment transactions</td>
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<td>ii) Handle formal and informal financial batch inquiries</td>
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<td>iii) Handle payment inquiries from firms</td>
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<td>iv) Handle all financial system reports</td>
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<td>v) Clear all balances on ledger accounts</td>
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<td></td>
<td>vi) Clear all unallocated expenditure</td>
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<td>vii) Keep and maintain registers for internal controls such as for S&amp;T claims, S&amp;T advances.</td>
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<tr>
<td><strong>2. Budgetry Functions</strong></td>
<td>i) Compile budget estimates based on needs and priorities according to the prescribed procedure.</td>
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<td>ii) Hold budget management committee meetings to:</td>
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<td>● determine expenditure trends</td>
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<td>● approve requests for spending (purchases)</td>
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<td>● approve the shifting of funds within delegations</td>
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<td>● ensure efficient and economic use and acquisition of resources.</td>
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<td>iii) Keep and maintain commitment registers.</td>
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<td>iv) Identify any deviations and report to managers.</td>
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<td></td>
<td>v) Submit and analyse monthly expenditure statements.</td>
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<td></td>
<td>vi) Reconcile commitment register with financial management system.</td>
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<tr>
<td><strong>3. Audit and Financial Control Reporting: Auditor General’s Appropriation and Miscellaneous Account</strong></td>
<td>i) Submit required information that is needed for completion of the Auditor General’s Approbation and Miscellaneous Account in the prescribed format on due dates.</td>
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<td></td>
<td>ii) Submit answers with regard to all audit and financial control reports with due dates.</td>
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<td>iii) To rectify all deficiencies identified by the Auditor General and to institute preventative measures.</td>
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<td></td>
<td>iv) Keep a proper register for all these reports.</td>
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<tr>
<td><strong>4. Provisioning and Administration; Tenders and Accounting: Loss Control Functions</strong></td>
<td>4.1 Tenders and Accounting:</td>
</tr>
<tr>
<td></td>
<td>i) Arrange tenders within delegations and submit correct tender documents and advertisements to Head Office.</td>
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<td>ii) All tenders to be evaluated at local tender committees according to delegations.</td>
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<td>iii) Recommend tenders and approve tenders within delegations.</td>
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<td></td>
<td>iv) Adhere to all norms and standards.</td>
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<td></td>
<td>v) Keep and maintain tender register.</td>
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<td></td>
<td>vi) Keep register for sight value forms.</td>
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<td>vii) Maintain effective and efficient warehouse.</td>
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<td>viii) Update and safekeeping of ledger files and cards including inventory items and non-inventory items.</td>
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<td></td>
<td>ix) Determine quarterly budget performance reports.</td>
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<tr>
<td></td>
<td>4.2 Loss control functions:</td>
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<td></td>
<td>i) Ensure that all losses are immediately registered as prescribed.</td>
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<td></td>
<td>ii) Process all documentation with regard to loss or damage to state property.</td>
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<tr>
<td></td>
<td>iii) Keep and maintain registers for losses registered.</td>
</tr>
<tr>
<td></td>
<td>iv) Ensure that preventative measures are in place.</td>
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<tr>
<td><strong>5. Training</strong></td>
<td>i) Determine training needs in the district or institution.</td>
</tr>
<tr>
<td></td>
<td>ii) Arrange training where appropriate.</td>
</tr>
</tbody>
</table>
The skills that district teams need

People working in and on the financial system, need to be clear on what they are supposed to be doing, why it is important and how performance will be assessed. Furthermore, they need to have high ethical values. The following is required to provide such a conducive environment:

- Appropriate policies, structures such as committees, systems, procedures and processes in place.

- Tools such as:
  - Guidelines on how to draw budgets.
  - Guidelines for the budget / cash flow committees.
  - Internal control systems and audits programmes.

Technical skills

Technical skills required include the following:

- Knowledge and understanding the management support systems:
  - The financial system.
  - Personnel salary system.
  - Procurement management system.

- Specific skills:
  - Resource allocation techniques.
  - Designing and monitoring internal control systems.
  - Asset management.
  - Contract management.
  - Ability to read, interpret and analyse financial reports and applying this skill to monitor and evaluate financial performance.
  - Computer literacy.
  - Communication skills.
  - Basic calculation and analytical skills.