FINANCIAL AUDIT 10 DECEMBER 2020

Health 2020

NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

audit office
OF NEW SOUTH WALES

THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Public Finance and Audit Act 1983* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of State public sector and local government entities' financial statements. We also audit the Total State Sector Accounts, a consolidation of all agencies' accounts.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to entities to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to entities and reports periodically to parliament. In combination these reports give opinions on the truth and fairness of financial statements, and comment on entity compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an entity is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an entity's operations, or consider particular issues across a number of entities.

As well as financial and performance audits, the Auditor-General carries out special reviews and compliance engagements.

Performance audits are reported separately, with all other audits included in one of the regular volumes of the Auditor-General's Reports to Parliament – Financial Audits.

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In accordance with section 52B of the *Public Finance and Audit Act 1983*, I present a report titled **'Health 2020'**.

Margaret Crawford
Auditor-General
10 December 2020

auditoffice
OF NEW SOUTH WALES

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contents

Health 2020

Section one

Health 2020

This report analyses the results of our audits of the Health cluster agencies for the year ended 30 June 2020.

Executive summary

This report analyses the results of our audits of financial statements of the Health cluster for the year ended 30 June 2020. The table below summarises our key observations.

1. Financial reporting

Financial reporting	**Unqualified financial audit opinions** The financial statements of NSW Health and its 25 controlled entities received unqualified opinions. The number of corrected and uncorrected misstatements increased from the prior year. Misstatements related predominantly to the implementation of new accounting standards, asset revaluations and accounting for new revenue streams to cover the cost of HSW Health's response to the COVID-19 pandemic. **Qualified compliance audit opinion** We issued a qualified audit opinion for the Ministry of Health's Annual Prudential Compliance Statement for aged care facilities operated by NSW Health. We identified 18 instances of material non-compliance with the Fees and Payments Principles 2014 (No. 2) (the Principles) in 2019–20 (30 in 2018–19).
Financial performance	NSW Health received an additional $3.3 billion in funding to cover costs associated with its response to the COVID-19 pandemic. The impacts of the COVID-19 pandemic on the cluster were significant for health entities and included changes to operations, increased revenues, expenditure, assets and liabilities. Cancellation of elective surgery and decreased emergency department presentations meant that despite the pandemic, activity levels at many health entities decreased. Health Pathology and HealthShare were notable exceptions. In the period to the 30 June 2020, NSW Health reported that over 900,000 COVID-19 tests were conducted. Health Pathology conducted over 500,000 of these tests. Health Pathology's surge requirements were enhanced through arrangements with 13 private sector providers. HealthShare purchased $864.2 million of personal protective equipment. Overall, NSW Health recorded an operating surplus of $3.1 billion in 2019–20, an increase of $2.0 billion from 2018–19. As in previous years, the surplus largely resulted from additional revenue received to fund capital projects including the construction of new facilities, upgrades and redevelopments. In 2019–20 additional Commonwealth and State funding for the purchase and stockpiling of personal protective equipment also contributed to the operating surplus.
Overtime payments	The Ambulance Service of NSW's (NSW Ambulance) reduced their overtime payments to $79.7 million in 2019–20 ($83.1 million in 2018–19). Overtime payments in 2019–20 included $6.8 million related to the response to the 2019–20 bushfire season. NSW Ambulance overtime payments represent 16.8 per cent of total overtime payments in the cluster.

2. Audit observations

Internal control deficiencies

We identified more internal control deficiencies in 2019–20. The number of repeat issues from prior years also remains high.

NSW Health addressed 18 out of the 25 information system control deficiencies during the year.

Several key agreements lacked formal documentation. This included agreements between the Ministry and health entities, between health entities and agencies in other clusters and between the Ministry and health departments in other jurisdictions.

Infrastructure delivery

NSW Health had 44 ongoing major capital projects at 30 June 2020 with a total revised budget of $12.3 billion. The revised total budget of $12.3 billion is $2.0 billion more than the original budget. NSW Health revises budgets when it combines project stages.

1. Introduction

This report provides parliament and other users of the Health cluster's financial statements with the results of our audits, our observations, analysis, conclusions and recommendations in the following areas:

- financial reporting
- audit observations.

The impacts of the COVID-19 pandemic on the cluster were significant and included changes to the operations of the health entities and increased revenue, expenditure, assets and liabilities.

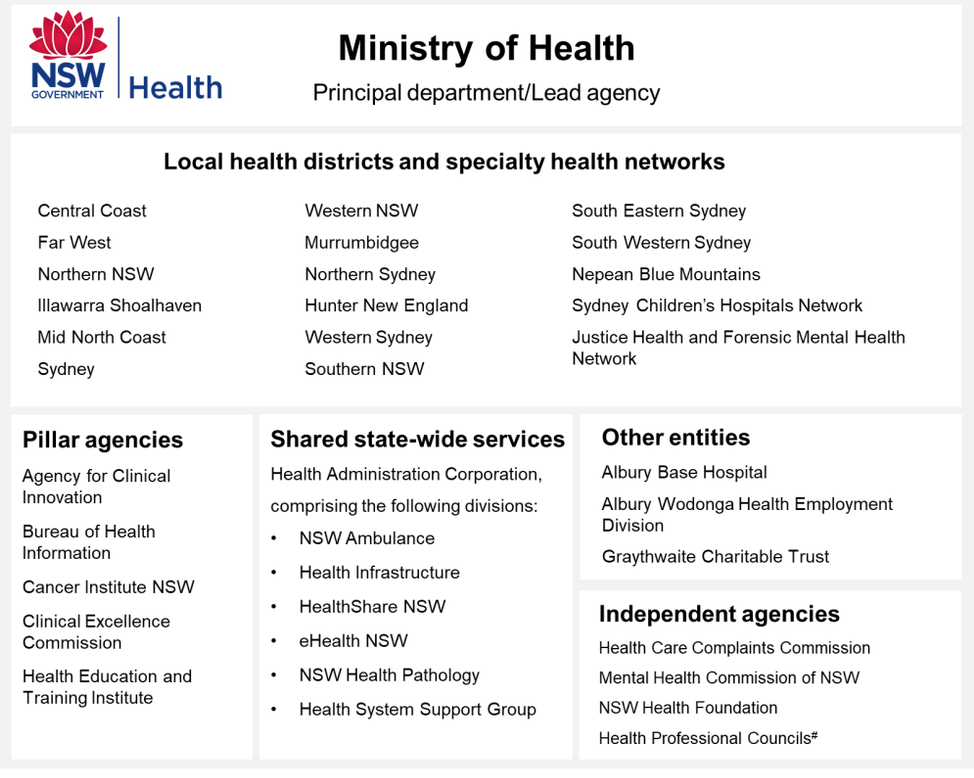
As a part of this year's audits of health entities, we have considered:

- financial implications of the COVID-19 emergency at both health entity and cluster levels
- changes to agencies' operating models
- agencies' access to technology and the maturity of systems and controls to prevent unauthorised and fraudulent access to data.

1.1 Snapshot of the cluster

There were no Machinery of Government changes to entities in the Health cluster during 2019–20.

The commentary in this report covers the following cluster entities:



There are 15 Health Professional Councils in NSW.

Source: NSW Health.

1.2 COVID-19's impacts on NSW Health's service delivery

NSW Health's actions to respond to the COVID-19 pandemic were extensive and the costs were significant. The pandemic's most significant impacts on service delivery, evidenced by activity and service delivery data collected by NSW Health were:

- a decrease in Health entities' activity levels, predominantly due to the suspension of elective surgery in NSW for over a month and the decrease in emergency department presentations
- an increase in testing performed by NSW Pathology.

Data included in Section 1.2 relating to NSW Health's KPIs is included as context given the significant impact COVID-19 has had on the Health cluster. The KPI data in this section is provided by NSW Health and is not audited by the Audit Office.

The response to the COVID-19 pandemic decreased Health entities' activity levels

In Australia, health service activities are measured using National Weighted Activity Units (NWAU). An average hospital service is reflected as one NWAU, more intensive activities are reflected as several NWAUs and the simplest and least expensive services are reflected as fractions of an NWAU.

The total volume of health services delivered during the year decreased. In 2018–19 the National Health Funding Body reported that NSW Health delivered 2,747,328 NWAUs compared to 2,592,546 reported by NSW Health for 2019–20. NSW Health reported that only 67,346 NWAUs related to COVID-19 patients (2.6 per cent).

NSW Health reported emergency department presentations decreased by two per cent from 2018–19

Typically, attendances in NSW emergency departments increase year on year (an average 2.3 per cent increase over the last three years). NSW Health attribute this year's decrease in attendances in NSW emergency departments to the COVID-19 pandemic.

To better understand the impact of the COVID-19 pandemic on operations and objectives of emergency departments we examined one KPI and one improvement measure relevant to emergency departments, emergency department triage times and emergency department treatment times.

NSW Health emergency department triage times

In 2019–20 NSW Health report that on average, it met its targets for all five triage categories (three in 2018–19).

Emergency departments triage patients into one of five categories to ensure they receive care in clinically appropriate timeframes.

The Australasian College for Emergency Medicine (ACEM) recommends triage categories indicating the clinical urgency, which are based on the maximum amount of time the triage nurse has determined the patient can wait for care.

Treatment for patients should commence:

- immediately, if assessed as T1 (an immediately life-threatening condition that requires immediate simultaneous assessment and treatment)
- within ten minutes, if assessed as T2 (imminently life threatening, important time critical or very severe pain)
- within 30 minutes, if assessed as T3 (potentially life threatening, involving situational urgency or requiring the relief of severe discomfort or distress within 30 minutes based on humane practice)
- within 60 minutes, if assessed as T4 (potentially serious, involving situational urgency if not treated within one hour, significant complexity or severity or requiring the relief of severe discomfort or distress within one hour based on humane practice) and
- within two hours, if assessed as T5 (a chronic or minor condition).

NSW Health has set targets for the percentage of presentations treated within the ACEM guidelines.

NSW Health emergency department treatment times

NSW Health also measures the percentage of patients with total time in the emergency department of four hours or less for each local health district. The measure is used as an indicator of accessibility to public hospital services.

Local Health Districts	Target % (2019–20)	Actual % (2019–20)
Central Coast	77.0	59.9
Far West	90.2	86.6
Hunter New England	81.0	72.5
Illawarra Shoalhaven	79.0	60.2
Mid North Coast	82.0	76.7
Murrumbidgee	85.3	81.9
Nepean Blue Mountains	79.0	65.5
Northern NSW	81.0	78.2
Northern Sydney	79.0	73.9
South Eastern Sydney	78.0	70.3
South Western Sydney	78.0	61.2
Southern NSW	85.0	83.0
Sydney	76.0	70.9
Sydney Children's Hospitals Network	80.0	72.1
Western NSW	85.9	81.0
Western Sydney	78.0	59.0
St Vincent's Health Network*	75.0	65.4

* St Vincent's Health Network Sydney (SVHNS) comprises of St Vincent's Hospital Sydney Limited as the affiliated health organisation in respect of four recognised establishments under the Health Services Act 1997 (NSW) (Health Services Act). Under the Health Services Act, St Vincent's Hospital Sydney Limited, is treated as a Network for the purposes of the National Health Reform Agreement in respect of the three recognised establishments: St Vincent's Hospital, Darlinghurst; Sacred Heart Health Service, Darlinghurst; St Joseph's Hospital, Auburn; and St Vincent's Correctional Health, Parklea.

Source: NSW Health (unaudited)

NSW Ambulance median response times for life threatening incidents includes additional requirements to wear mandatory personal protective equipment

NSW Health measures the median ambulance response time for life-threatening incidents in New South Wales. The time is recorded from when a triple zero call is presented to the dispatcher to when the first ambulance resource arrives.

The median response time for life threatening incidents is reported to be 7.65 minutes, and within the NSW Health target response time of ten minutes. NSW Ambulance noted that response times slightly lengthened (two per cent) to accommodate paramedics donning mandatory personal protective equipment prior to responding.

NSW recorded a small increase in its activity levels, reporting an 0.7 per cent increase in emergency incidents responded to by NSW Ambulance (553,683 in 2019–20) and on 0.9 per cent increase in ambulance arrivals at emergency departments (593,812 in 2019–20).

NSW Health reported its performance for transferring patient care from NSW Ambulance to emergency departments remains just below its target of 90 per cent within 30 minutes.

NSW public hospitals suspended all non-urgent elective surgery for over a month in 2019–20

On 25 March 2020, NSW public hospitals suspended all non-urgent elective surgery due to the COVID-19 pandemic. Elective surgery recommenced in a staged approach from Monday 27 April. In response to the suspension of non-urgent elective surgery, the Ministry removed the performance indicators and improvement measures related to elective surgery from the service agreements of health entities for 2019–20.

Elective surgery patients are allocated into three priority categories - 30 days (category 1), 90 days (category 2) or 365 days (category 3) based on the clinical urgency of their surgery.

NSW Health continued to measure the percentage of elective surgery patients who are admitted for treatment within the timeframe recommended for the priority category throughout the response to the COVID-19 pandemic.

NSW Health reported that while elective surgery activity decreased by 9.6 per cent, the impact of the suspension on Category 1 patients was minimal. The percentage of patients treated on time decreased by 0.1 per cent. The impact on Category 2 and 3 patients was more significant with 4.9 per cent and 5.1 per cent fewer patients treated on time respectively.

NSW Health has entered into agreements with private hospital operators to allow public patients whose elective surgery has been delayed due to COVID-19 measures to be treated at private hospitals. NSW Health has reported additional funding of $388 million for this initiative.

NSW Health Pathology Services reported increased activity due to the COVID-19 pandemic

The COVID-19 pandemic had a significant impact on the NSW Health Pathology Service's (Pathology) activities. COVID-19 samples are tested in NSW by Pathology and 13 private testing providers.

Pathology processed over 900,000 COVID-19 tests prior to 30 June 2020 in response to the COVID-19 pandemic. This included 500,000 tests provided by Pathology, whose capacity was enhanced through contract arrangements with 13 private sector providers to allow greater surge capacity. NSW Health reported that at the time of tabling this report, Pathology undertakes COVID-19 testing at 38 of their 60 laboratory sites across NSW. Pathology utilises a courier and logistical network to transfer samples from collection locations to the 38 testing laboratory sites. While Pathology's surge capacity is 15,000 tests per day, this capacity was expanded through arrangements with 13 private sector providers to meet demand.

1.3 COVID-19's impacts on NSW Health's finances

NSW Health's response to the COVID-19 pandemic resulted in material increases in its assets, liabilities, revenues and expenses. NSW Health:

- received additional State funding in the form of a NSW Treasurer's contingency grant of $950.4 million and additional funding of $859.8 million through the Health Response Package and Stimulus Package
- entered into the National Partnership Agreement for COVID-19 (the NPA) with the Australian Government and recognised $701.7 million in revenue under this agreement
- recognised a contract liability for a further $373 million NPA funding that was received by NSW Health at 30 June 2020 but services had yet to be delivered
- made viability payments of $184.1 million to private hospitals under the NPA to ensure private hospitals can resume operations once the pandemic response ends
- increased funding to local health districts by $418.6 million to fund their response to the COVID-19 pandemic, including treating COVID-19 patients and additional cleaning costs
- incurred increased expenditure of $20.0 million related to processing COVID-19 tests. NSW Health Pathology increased expenditures on employees, purchases of medical and surgical supplies and specialised services
- purchased significant quantities of personal protective equipment ($566.0 million received and $298.2 million prepaid as at 30 June 2020) and other COVID-19 related minor capital items such as ventilators
- engaged a private health operator to provide health care for COVID-19 patients quarantined in hotels at a cost of $17.6 million
- received services from the Australian Defence Force and the Australian Commission on Safety and Quality in Health Care.

NSW Health's revenue increased by $3.3 billion largely due to additional funding for the response to the COVID-19 pandemic

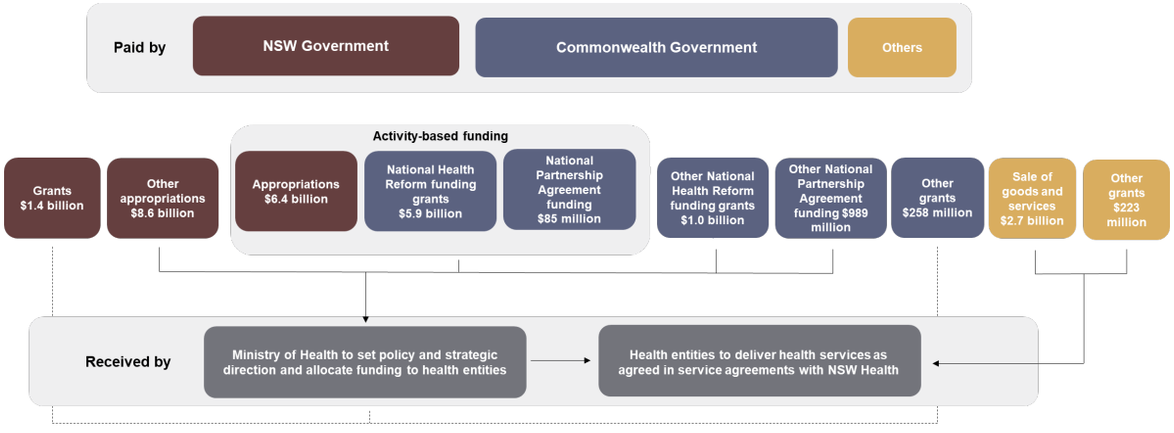
Total revenue increased to $28.0 billion in 2019–20 ($24.7 billion in 2018–19). NSW Health received the funding it would typically receive each year, the primary sources being:

- appropriations from NSW Treasury of $14.9 billion ($13.3 billion in 2018–19)
- National Health Reform funding grants from the Australian Government of $6.7 billion ($6.7 billion in 2018–19). In 2019–20, $172.9 million of this was used for the treatment of COVID-19 patients.

Due to the COVID-19 pandemic, NSW Health also received funding under:

- the National Partnership Agreement on COVID-19 (the NPA), which was finalised and signed between NSW Health and the Commonwealth. NSW Health received additional funding of $1.1 billion (recognising revenue of $701.7 million and a contract liability for services to be delivered after 30 June 2020 of $373.0 million)
- State funding in the form of a NSW Treasurer's contingency grant of $950.4 million and additional funding of $859.8 million through the Health Response Package and Stimulus Package.

The following diagram illustrates funding sources and their flow through NSW Health in 2019–20.



Source: Audited financial statements.

The NPA outlines the roles and responsibilities of the State and the Commonwealth in responding to the COVID-19 pandemic. It also outlines the financial funding supports from the Commonwealth to the states.

The Ministry received $1.1 billion of additional funding under the NPA to cover some costs of the NSW Government's response to the COVID-19 pandemic. This included:

- Upfront Advance Payment of $31.9 million
- Hospital Services Payments of $85.4 million
- State Public Health Payment of $626.1 million
- Private Hospital Capacity and Financial Viability Payments of $331.0 million.

$701.7 million of this was spent during 2019–20 on the response to the COVID-19 pandemic, primarily on private hospital viability payments, cleaning costs, purchasing personal protective equipment, minor capital expenditure and upgrades to facilities (for example purchasing ventilators). The private hospital viability payments were intended to maintain the viability of private hospitals during the COVID-19 pandemic and ensure they could resume operations once the pandemic response ends.

NSW Health recognised a contract liability for $373 million of unspent National Partnership Agreement COVID-19 funding at 30 June 2020

AASB 15 'Revenue from Contracts with Customers' changed the timing and pattern of recognising revenue and increased the extent of financial reporting disclosures in 2019–20 financial statements. Under the NPA, NSW Health received $1.1 billion but at 30 June 2020, it had not yet delivered the corresponding services. It recognised a contract liability of $373 million.

Increases in payments to private health operators, partly due to the COVID-19 pandemic, account for 14.5 per cent of the increase in total expenses for NSW Health in 2019–20

The NPA includes viability payments to private hospitals to ensure they can resume operations once the response to COVID-19 ends. Under the agreement, NSW Health calculates the amounts required by private health operators to ensure the viability of private hospitals in New South Wales by:

- analysing financial and operational data provided by private hospitals
- forecasting activity, revenues and costs of private hospitals
- reconciling amounts paid to private hospitals based on forecasts to their entitlements based on actual operating and financial performance.

The Ministry of Health made viability payments of $184.1 million to private hospitals under the NPA.

Health entities incurred significant costs in responding to the COVID-19 pandemic

NSW Health quantified the expenses relating to their response to the pandemic (including treatment of COVID-19 patients and additional cleaning) to be $1.1 billion for the 2019–20 financial year.

The Ministry provided local health districts with additional funding of $418.6 million to respond to the COVID-19 pandemic. This impacted most local health districts and specialty networks and represents over a third of the revisions to the budgeted expenses for local health districts and specialty networks during 2019–20. The additional funding was primarily spent on treating COVID-19 patients and additional cleaning costs.

Despite the response to the COVID-19 pandemic, NSW Health decreased their expense growth rate in 2019–20. Prior to the pandemic, NSW Health had budgeted to reduce expense growth in 2019–20 to two per cent (from seven per cent in 2018–19). The COVID-19 pandemic meant this was not achieved. NSW Health's growth rate was 5.5 per cent.

NSW Health reported that NSW Health Pathology incurred additional expenses of $20.0 million to deliver COVID-19 tests during 2019–20

During 2019–20 the Ministry allocated additional funding to NSW Health Pathology of $196,000 for COVID-19 related operating expenses and $4.3 million for equipment purchased for the purpose of conducting COVID-19 tests.

NSW Health Pathology passes the cost of testing on to the health entity treating the patient. Pathology records this as 'revenue from commercial activities'. Increased demand resulted in revenue from commercial activities increasing by $65.2 million to $493.9 million in 2019–20 ($428.7 million in 2018–19). The additional revenue from commercial activities includes $41.5 million in fees for COVID-19 testing.

NSW Health Pathology reported that to manage changing activity levels, its total expenses increased by $30.5 million to $765.2 million in 2019–20 ($734.7 million in 2018–19). Pathology attributes $20.0 million of this increase to COVID-19 testing, predominantly purchases of medical and surgical supplies, expenditure on specialised services and employee related expenses.

NSW Health Pathology's expenditure on specialised services including lab consumables increased to $152.4 million in 2019–20 ($137.7 million in 2018–19). An additional $985,000 was expended in medical and surgical supplies in preparation for COVID-19. Pathology reported additional employee related expenses of $6.0 million relating to COVID-19.

HealthShare NSW purchased $864.2 million of personal protective equipment related to the COVID-19 pandemic

HealthShare NSW purchased $864.2 million of personal protective equipment in response to the COVID-19 pandemic. As at 30 June 2020, HealthShare had received $566.0 million of this inventory and recorded a further prepayment for $298.2 million for inventories not yet received.

Personal protective equipment purchases increased the inventory managed by HealthShare by 2,746 per cent during 2019–20.

1.4 COVID-19's impacts on NSW Health's governance and control environment

There were deficiencies in HealthShare's stocktake of the personal protective equipment inventories it had purchased in response to the COVID-19 pandemic

As at 30 June 2020, HealthShare NSW (HealthShare) reported inventory holdings of $768.4 million ($27.0 million at 30 June 2019). The significant increase predominantly consisted of personal protective equipment acquired in response to the COVID-19 pandemic.

HealthShare inventory stocktake controls were insufficient to deal with the sudden, significant increase in the inventories.

The inventory items were physically stored in 13 warehouses operated by a private company. The private company completed their annual stocktake on 19 June 2020. The stocktake was not attended or oversighted by HealthShare. A subsequent stocktake was performed over three days from 8 July 2020, observed by representatives from HealthShare and the Audit Office.

The following issues were identified:

- the stocktake methodology was revised several times in the days leading up to the stocktake and was not finalised until after the stocktake
- stocktake samples were not selected in accordance with the methodology for two of the 13 warehouses, which resulted in insufficient counts for those warehouses
- HealthShare was not able to perform blind counts on randomly selected items for two warehouses due to the formation and location of the pallets
- stock count discrepancies were not followed up in a timely manner
- the stocktake only accounted for six warehouses. The remaining inventory, exceeding $120 million in value, was not subject to the stocktake process.

HealthShare is in the process of implementing additional controls for its inventory holdings.

NSW Health established operations centres, councils and communities of practice in March 2020 to co-ordinate its COVID-19 pandemic response

NSW Health established the following structures during 2019–20 to co-ordinate its response to the COVID-19 pandemic:

- the State Health Emergency Operations Centre (SHEOC) that oversees NSW Health's operational response (planning for increased emergency department attendance, roll out of clinics etc.)
- the Public Health Emergency Operations Centre (PHEOC) that oversees NSW Health's public health response (forecasting, contact tracing etc.)
- the NSW COVID-19 Clinical Council established to represent clinical specialities linked to the pandemic response and provide advice on system wide issues related to the pandemic
- the Personal Protective Equipment Management Steering Committee to oversee the development, implementation, communication and progress of the NSW Health Personal Protective Equipment Strategy
- 30 Clinical Communities of Practice established across key clinical specialities to support the response to COVID-19.

The centres, councils and communities were staffed by existing employees of NSW health entities. They did not enter into transactions in their own right, but instead co-ordinated the actions of the health entities. For example, SHEOC facilitated purchasing and stockpiling of personal protective equipment for future distribution by HealthShare NSW.

The Ministry entered into Interim Service Agreements with health entities in response to the State Budget being delayed

The Ministry of Health funds the operations of health entities through service agreements negotiated annually with each health entity. The service agreements generally articulate direction, responsibility and accountability across NSW Health. The National Health Reform agreement between NSW Health and the Australian Government requires these agreements.

Due to the COVID-19 pandemic, the State Budget and related 2020–21 Appropriation Bill were delayed until November 2020. The Ministry of Health received authorisation to spend specified amounts from the Consolidated Fund and entered into interim service agreements with the health entities.

The service agreements cover the first six months of 2020–21 and provide a subsidy to health entities of approximately 48 per cent of their expected annual expenses. All health entities disclosed this appropriately in their financial statements.

The interim service agreements for 2020–21 contain no new measures or funding relating specifically to NSW Health's response to COVID-19. Health entities are reimbursed for costs related to COVID-19 through monthly supplementary grants from the Ministry.

Final service agreements covering the remainder of 2020–21 have been drafted and are due to be finalised by 14 December 2020.

The interim service agreements were due to be signed by 31 July 2020. When a service agreement has not been signed on time, the health entity is expected to operate within the budget and performance parameters of the most recent draft.

The number of health entities that signed their agreement after the due date was unchanged from 2018–19 (six). At the time of tabling this report only one agreement remains unsigned, the agreement for NSW Ambulance. NSW Health advised that NSW Ambulance continues to work with the Ministry to agree their budget and are working within the parameters of the draft Interim Service Agreement 2020–21 for performance monitoring and management.

1.5 Service delivery in the cluster

The service delivery part of this report provides important contextual information about cluster operations for 2019–20 as measured by the cluster's key performance indicators (KPIs). This is included as context given the significant impact of COVID-19 on the Health cluster.

Data on performance against KPIs is provided by the Ministry of Health. The Audit Office does not have a specific mandate to audit information about key performance indicators. Accordingly, performance information included in this section as context is unaudited.

The Ministry assesses Health entities' performance against KPIs and improvement measures. Improvement measures are not part of service agreements but are additional measures against which health entities regularly report to the Ministry.

There are 74 KPIs for LHDs and speciality networks, and 136 improvement measures. NSW Ambulance has 28 distinct KPIs.

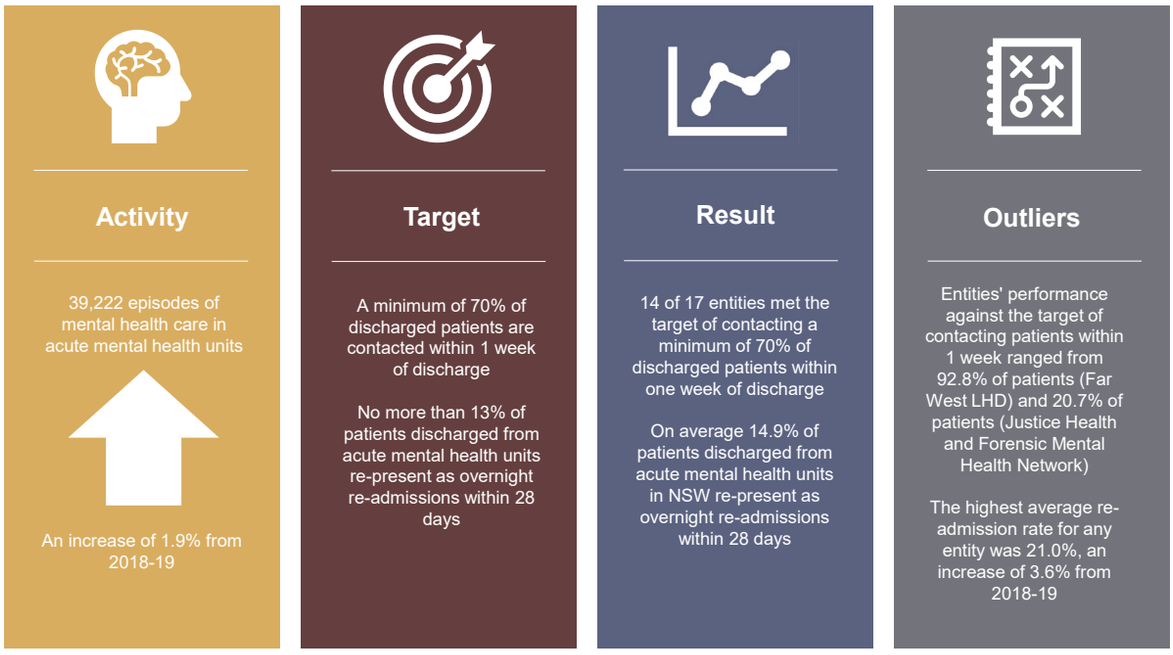
NSW Health continued to measure the performance of health entities against the KPIs and improvement measures throughout the response to the COVID-19 pandemic.

NSW Health reported 12 of the 17 health entities did not meet targets for acute re-admissions of mental health patients

We compared data on the activity levels and performance of health entities for two KPIs used by NSW Health to monitor post discharge care and adverse outcomes for mental health patients. NSW Health monitors:

- the percentage of discharged patients who are followed up by a community mental health contact within seven days of discharge
- the percentage of discharges that are followed by an overnight re-admission to any NSW acute mental health unit within 28 days of the patient's discharge.

The following figure summarises the level of activity and performance NSW Health reported against these KPIs relating to acute mental health care in 2019–20.



Source: NSW Ministry of Health (unaudited).

NSW Health reported nine sentinel events in 2019–20

We compared data on the activity levels and performance of health entities for one improvement measure used by NSW Health to monitor sentinel events.

A sentinel event is an adverse event related to a public hospital admission that results in the death of, or very serious harm to a patient. There are eight nationally agreed sentinel events, which have been reported nation wide since 2004. Sentinel events occur infrequently.

The following figure summarises NSW Health's targets and the results and outliers it reported relating to sentinel events.

Source: NSW Ministry of Health (unaudited).

The nine sentinel events can be broken into the following classifications:

Sentinel event	2020
Unintended retention of a foreign object in a patient after surgery or other invasive procedure resulting in serious harm or death	1
Suspected suicide of a patient in an acute psychiatric unit or acute psychiatric ward	2
Medication errors resulting in serious harm or death	3
Use of an incorrectly positioned oro- or naso- gastric tube resulting in serious harm or death	3

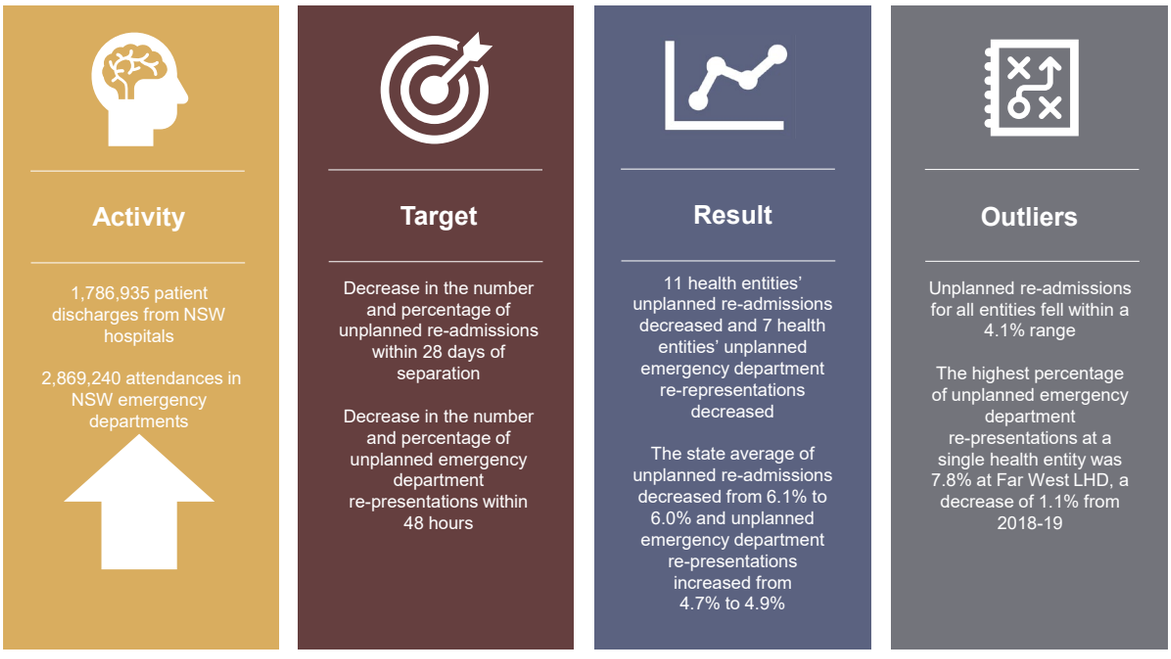
Source: NSW Ministry of Health (unaudited).

NSW Health reported a decrease in the percentage of discharged patients impacted by other adverse outcomes

We compared data on the activity levels and performance of health entities for two KPIs used by NSW Health to monitor adverse outcomes other than sentinel events. NSW Health measures:

- the percentage of patients with unplanned re-admissions to hospital within 28 days of being discharged
- the percentage of unplanned and emergency re-presentations to an emergency department within 48 hours of leaving the emergency department.

The following figure summarises the level of activity and performance NSW Health reported against the selected KPIs relating to other adverse outcomes in 2019–20.



Source: NSW Ministry of Health (unaudited).

2. Financial reporting

Financial reporting is an important element of good governance. Confidence and transparency in public sector decision making are enhanced when financial reporting is accurate and timely.

The response to the COVID-19 pandemic primarily impacted the financial reporting of NSW Health through:

- additional revenue from the State government in the form of grants and stimulus payments
- additional revenue from the Commonwealth government under the National Partnership Agreement for COVID-19 to cover part of the cost of responding to the COVID-19 pandemic
- increased expenses, largely due to increased payments to private health operators to maintain their viability during the COVID-19 pandemic and later to assist with public patient elective surgery waitlists and increased cleaning costs
- increased purchases of personal protective equipment.

Chapter one outlines the impacts of NSW Health's response to the COVID-19 pandemic. This chapter outlines our other audit observations related to the financial reporting of agencies in the Health cluster for 2020.

Section highlights

- Unqualified audit opinions were issued for all health entities' financial statements, although more misstatements were identified than last year.
- NSW Health recorded an operating surplus of $3.1 billion, an increase of $2.0 billion from 2018–19. This is largely due to additional capital grants for new facilities, upgrades and redevelopments and additional Commonwealth and State funding for the purchase of personal protective equipment.
- NSW Health's expenses increased by 5.5 per cent in 2019–20 (7.0 per cent in 2018–19) despite the impact of the COVID-19 pandemic. The primary causes for the growth in expenses are increases in:
  - employee related expenses due to higher employee numbers, increased overtime and a 2.5 per cent award increase
  - payments to private health operators to maintain their viability during the COVID-19 pandemic and later to assist with public patient elective surgery waitlists
  - payments to private health operators due to the first full year of operation of the Northern Beaches hospital.
- The Ambulance Service of NSW (NSW Ambulance) continued to report higher overtime payments than other health entities. However, despite the response to the 2019–20 bushfire season, their overtime payments were lower than last year. NSW Ambulance paid $79.7 million in overtime payments in 2019–20 ($83.1 million in 2018–19).
- A qualified audit opinion was issued for the Ministry of Health's Annual Prudential Compliance Statement for aged care facilities operated by NSW Health. There were 18 instances of material non-compliance with the Fees and Payments Principles 2014 (No. 2) (the Principles) in 2019–20 (30 in 2018–19).

2.1 Quality of financial reporting

Audit opinions

Quality of financial reporting has decreased

Unqualified audit opinions were issued for all health entities' financial statements for 30 June 2020.

Corrected misstatements increased from one in 2018–19 to eight misstatements in 2019–20 with a gross value of $404.1 million in 2019–20 ($61.8 million in 2018–19). These errors primarily related to:

- one health entity incorrectly recorded cash received from the Ministry as borrowings instead of subsidy revenue
- an input error into the calculation of revenue related to COVID-19 cleaning
- accounting for grants using the incorrect accounting standard for revenue
- one health entity incorrectly classified financial assets.

Uncorrected misstatements increased to 23 misstatements in 2019–20 with a gross value of $95.2 million (three misstatements with a gross value of $2.9 million in 2018–19). These errors primarily related to:

- the delayed transfer of assets from capital work in progress to the fixed asset register and the commencement of depreciation of those assets at one LHD
- errors identified during the stocktake of personal protective equipment held by HealthShare at 30 June 2020
- errors in the accounting treatment of assets transferred between entities
- incorrect accruals at 30 June for significant transactions between two health entities
- one LHD not recording revenue for resources received free of charge, namely the use of a property owned by a trust external to NSW Health
- one health entity incorrectly including project costs in excess of the standard construction costs for similar assets when calculating the fair value of buildings.

Number of misstatements

Year ended 30 June	2020		2019		2018	
	✓	!	✓	!	✓	!
Less than $50,000	--	1	--	--	--	6
$50,000 to $249,999	--	2	--	1	--	--
$250,000 to $999,999	--	8	1	--	--	--
$1 million to $4,999,999	3	7	--	2	--	2
$5 million and greater	5	5	--	--	6	2
Total number of misstatements	**8**	**23**	**1**	**3**	**6**	**10**

Key ✓ **Corrected misstatements** ! **Uncorrected misstatements**

Source: Statutory Audit Reports issued by the Audit Office.

A qualified audit opinion was issued for the compliance audit of the Ministry of Health's Annual Prudential Compliance Statement

The Ministry of Health operates eight aged care facilities in NSW and is required to comply with the Fees and Payments Principles 2014 (No. 2) (Fees and Payments Principles) when entering into agreements with and managing payments to and from care recipients. The Fees and Payments Principles are prepared by the Office of Parliamentary Counsel.

We identified 18 instances of material non-compliance relating to four of the 18 prudential requirements at seven of the eight aged care facilities in 2019–20 (30 instances of material non-compliance in 2018–19), where the Ministry:

- did not agree in writing with six care recipients about the maximum accommodation amounts payable before they entered the residential care service
- did not enter into accommodation agreements with five care recipients (who first entered after 1 July 2014) within 28 days
- did not refund two bond balances within the statutory framework
- underpaid interest on the bonds of eight care recipients refunded during the year.

2.2 Timeliness of financial reporting

Most health entities completed their early close procedures on time

The Ministry brought forward its early close procedures to 31 March in anticipation of a financial close process that might be complicated by NSW Health's response to the then escalating COVID-19 pandemic. Twenty-three of the 26 health entities met their statutory deadlines for completing all financial statement related procedures.

Three health entities were not able to complete their land and building revaluations by the due date. Land and building revaluations are a key early close procedure for health entities due to the significant assets reported by health entities and the specialised nature of those assets. The delays were the result of limited access to the facilities for valuers, initially due to bushfires and later due to COVID-19 outbreaks and containment measures.

The impacted entities were Northern Sydney LHD, Central Coast LHD and two divisions of the Health Administration Corporation (HealthShare NSW and Ambulance Services of NSW). Revaluations were completed prior to the finalisation of the 2019–20 financial statements.

One division of the Health Administration Corporation (HealthShare NSW) submitted their early close financial statements 20 days after the due date.

All health entities submitted their 30 June financial statements on time

Timely financial reporting is essential for sound financial management, effective decision making and improving public accountability. All health entities submitted their 30 June 2020 financial statements by the statutory deadline.

The following table outlines the timeliness of health entities' financial and audit reporting.

Cluster agencies - Timeliness of financial and audit reporting

Cluster agencies	Early close Procedures	Financial Statements	Audit Report	Audit report date
Principal department/Lead agency				
Ministry of Health	✓	✓	!	13/10/2020
Local health districts and speciality health networks				
Central Coast LHD	! 1	✓	✓	25/09/2020
Far West LHD	✓	✓	✓	22/09/2020
Hunter New England LHD	✓	✓	✓	21/09/2020
Illawarra Shoalhaven LHD	✓	✓	✓	23/09/2020
Mid North Coast LHD	✓	✓	✓	11/09/2020
Murrumbidgee LHD	✓	✓	✓	23/09/2020
Nepean Blue Mountains LHD	✓	✓	✓	11/09/2020
Northern NSW LHD	✓	✓	✓	23/09/2020
Sydney Children's Hospitals Network	✓	✓	✓	22/09/2020
Justice Health and Forensic Mental Health Network	✓	✓	✓	22/09/2020
Northern Sydney LHD	! 1	✓	✓	25/09/2020
South Eastern Sydney LHD	✓	✓	✓	21/09/2020
South Western Sydney LHD	✓	✓	✓	28/09/2020
Southern NSW LHD	✓	✓	✓	23/09/2020
Sydney LHD	✓	✓	✓	28/09/2020
Western NSW LHD	✓	✓	!	24/09/2020
Western Sydney LHD	✓	✓	!	30/09/2020
Pillar agencies				
Agency for Clinical Innovation	✓	✓	✓	22/09/2020
Bureau of Health Information	✓	✓	✓	22/09/2020
Cancer Institute NSW	✓	✓	✓	14/09/2020
Clinical Excellence Commission	✓	✓	✓	22/09/2020
Health Education and Training Institute	✓	✓	✓	01/10/2020
Shared state-wide services				
Health Administration Corporation	! 1	✓	✓	Various dates

Cluster agencies	Early close Procedures	Financial Statements	Audit Report	Audit report date
Other controlled health entities				
Albury Base Hospital	✓	✓	✓	30/09/2020
Graythwaite Charitable Trust	✓	✓	✓	30/09/2020
Other entities in the cluster				
Health Care Complaints Commission	✓	✓	✓	24/09/2020
Mental Health Commission of NSW	✓	✓	✓	28/09/2020
NSW Health Foundation	✓	✓	!	01/10/2020
Health Professional Councils	✓	✓	✓	Various dates

Key ✓ **Statutory reporting deadline was met** ! **Statutory reporting deadline was not met**

1 Three health entities did not meet the statutory reporting deadline for early close procedures. Access to facilities was limited due to bushfires and the COVID-19 pandemic, which delayed the completion of their revaluations.

2 The Ministry of Health's audit report was issued after the statutory reporting deadline due to delays obtaining a solicitor's representation letter.

3 Two health entities did not receive their audit report within the statutory deadlines due to delays rescheduling Audit and Risk Committee meetings to allow for the resolution of issues relating to the control of health properties.

4 NSW Health Foundation's audit report was issued after the statutory reporting deadline due to delays in requesting and obtaining the Minister's signed financial statements.

Source: Early Close Reports and Independent Auditor's Reports issued by the Audit Office.

2.3 Performance against budget

All health entities' expense budgets were revised and increased in 2019–20

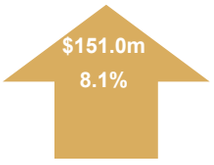
The Ministry of Health monitors individual health entities' performance against budget. Health entities' budgets are updated by the Ministry frequently throughout the year to reflect transfers of functions, employee award changes and supplementation received after the initial budget. Neither original nor adjusted budget information, nor the assumptions used in formulating the budget information are audited.

At the start of 2019–20, budgeted expenses for the LHDs and speciality networks, in total, were $19.2 billion ($439.1 million less than actual expenses in 2018–19). This was progressively revised by the Ministry of Health to $20.4 billion during the year (an increase of $1.2 billion).

As noted in chapter one, most health entities recorded additional funding to support their response to the COVID-19 pandemic.

The following health entities reported the most significant budget revisions.

Western Sydney LHD



Primary reasons for the adjustment include additional funding for:
- COVID-19 activities
- Pancreas Transplantation and Islet Cell Transplantation under the Nationally Funded Centres Program
- high cost drug use.

Northern Sydney LHD

Primary reasons for the adjustment include additional funding for:
- COVID-19 activities
- payments to Greenwich & Neringah Hospitals and Royal Rehabilitation Centre for the private health insurance single room rate
- revenue loss from reduction in elective surgery resulting from COVID-19.

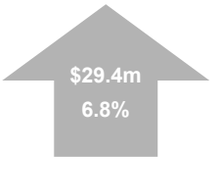
The Sydney Children's Hospital Network

Primary reasons for the adjustment include additional funding for:
- Pancreas Transplantation and Islet Cell Transplantation under the Nationally Funded Centres Program
- COVID-19 activities
- high cost drug use.

Justice Health and Forensic Mental Health Network

Contributing factor was higher than expected expenditure on high cost hepatitis C drugs.

Southern NSW LHD



Primary reasons for the adjustment include additional funding for:
- COVID-19 activities
- budget relief for bushfire.

Source: Audited financial statements and NSW Ministry of Health (unaudited).

Appendix six shows the following details by health entity:

- original budgeted expenses, excluding losses, at the beginning of the financial year
- final budgeted expenses after budget revisions during the year
- actual expenses reported by each LHD/speciality network
- variances between the actual reported expenses and the original and final budgets.

Despite budget revisions, eight health entities' actual expenses exceeded their final budgeted expenses by more than 0.5 per cent

Unfavourable variances to the adjusted budget occur when health entities incur additional expenditure without having obtained a supplementary budget allocation from the Ministry of Health. In 2019–20 15 health entities recorded unfavourable variances between actual expenses and their final budgeted expenses.

Health entities' service agreements with the Ministry have a KPI that final expenses do not exceed budgeted expenses by more than 0.5 per cent. Of the 15 health entities reporting an unfavourable variance, eight had a variance of more than 0.5 per cent. These variances were the result of:

- increased employee related costs due to changes in staffing levels or increased FTE
- increased use of visiting medical officers as a result of the response to COVID-19
- increased repair, maintenance and replacement of equipment.

2.4 Key financial information

The following table outlines key financial information for NSW Health and its 25 controlled entities.

	2020	2019	Variance	Variance
	$m	$m	$m	%
Total expenses	**24,860.3**	**23,594.0**	**1,266.3**	**5.4**
Employee related expenses	14,999.6	14,407.8	591.7	4.1
Total revenue	**27,969.5**	**24,669.7**	**3,299.8**	**13.4**
Net result	3,109.2	1,075.7	2,033.6	189.1
Total assets	**28,809.4**	**23,515.1**	**5,294.4**	**22.5**
Total liabilities	**7,491.6**	**5,555.0**	**1,936.6**	**34.9**

Source: Audited financial statements.

Health assets increased by $5.3 billion due to capital works, increased inventories of personal protective equipment and asset revaluations

The value of assets held by NSW Health increased by $5.3 billion during 2019–20 to $28.8 billion at 30 June 2020 ($23.5 billion at 30 June 2019).

Significant capital expenditure of $2.3 billion on new facilities, upgrades and redevelopments across NSW Health was a key contributor. The most significant projects during 2019–20 were the Nepean Hospital Integrated Ambulatory Service Redevelopment, the Westmead Hospital Redevelopment and the Campbelltown Hospital Redevelopment.

In accordance with NSW Health's revaluation plan, nine health entities revalued land, buildings and infrastructure assets in 2019–20, resulting in valuation increments to health assets of $330.9 million. As reported in Section 2.2, four health entities experienced delays in completing their revaluation assessments due to limited access to the facilities for valuers due to COVID-19 pandemic restrictions and bushfires.

The purchase of $864.2 million of personal protective equipment in response to the COVID-19 pandemic by HealthShare is discussed in chapter one of this report.

Lease assets and liabilities increased because of the adoption of AASB 16 Leases

AASB 16 ‘Leases’ changed the way lessees recognise, account for and report operating leases in their financial statements. With a few exceptions, such as low value and short-term leased assets, agencies now must recognise right-of use (ROU) assets and related lease liabilities in their financial statements. A ROU asset is a lessee’s right to use an asset, the value of which is amortised over the term of the lease.

Implementing AASB 16 increased both NSW Health’s assets and liabilities by $1.2 billion. This accounted for the majority of NSW Health’s increase in liabilities ($5.6 billion in 2018–19, increasing to $7.5 billion in 2019–20).

Employee related expenses increased by 4.1 per cent

Total employee expenses increased by $591.7 million in 2019–20 (or 4.1 per cent), largely due to:

- employees in all Health cluster award classes receiving a 2.5 per cent wage increase
- the employment of 2,764 additional full-time equivalent staff (124,335 in 2019–20 and 121,571 in 2018–19).

2.5 Financial impact of Health cluster employees

Employee benefits are the most significant contributor to total expenses in the Health cluster. In 2019–20, NSW Health employed 124,335 full time equivalent employees. This represents an increase of 2.3 per cent from the 121,571 employed in 2018–19. 86.7 per cent of health employees are clinical staff. Employee related expenses represent 60.5 per cent of total Health cluster expenses in both 2019–20. This represents a 0.5 per cent decrease from the 61 per cent in 2018–19.

We have noted two ongoing issues relating to employees.

The emergence of COVID-19 made it difficult for NSW Health to manage employees' excess leave balances

NSW Treasury guidelines stipulate that employee annual leave balances exceeding 30 days are excess annual leave balances. Managing excess annual leave has been reported as an issue for NSW Health for over five years, with the average percentage of employees with excessive leave balances over the last five years being 35.5 per cent.

Prior to the emergence of COVID-19, NSW Health had reduced the percentage of employees with excess leave balances to 13.5 per cent. During NSW's response to the COVID-19 pandemic, operational requirements made it difficult for health entities to reduce their employees' excess leave balances. As a result, 35.4 per cent of employees had excess annual leave balances at 30 June 2020.

Ambulance Services of NSW's overtime payments remain high relative to other cluster agencies

Overtime is paid at premium rates and, if not effectively managed, can result in higher costs and work, health and safety issues, particularly when fatigued employees perform high-risk tasks.

The Ambulance Service of NSW's overtime is higher than other health entities. In 2019–20 overtime payments decreased to $79.7 million ($83.1 million in 2018–19).

The Ambulance Services of NSW has different categories of overtime including:

- **Call out** - planned overtime used to maintain service delivery in regional and remote NSW where there is low demand, a 24-hour roster is not economically viable or for additional supervisory support. This is the most significant category of overtime.
- **Drop shift** - unplanned overtime to cover staff absences.
- **Extension of shift** - unplanned overtime when paramedics are on an active incident beyond their rostered finish time.

The following table shows the breakdown of overtime for the Ambulance Service of NSW.

Ambulance Service of NSW overtime payments

	2020		2019	
	Overtime payments $m	Salary and wages expense %	Overtime payments $m	Salary and wages expense %
Call out	38.2	5.4	42.7	9.1
Drop shift	17.9	2.5	20.6	4.4
Extension of shift	15.2	2.1	16.7	3.6
Other	8.4	1.2	3.1	0.7
Total overtime payments	**79.7**	**11.2**	**83.1**	**17.7**

Source: NSW Ministry of Health (audited).

Ambulance Service of NSW commenced its implementation of HealthRoster on 1 July 2020. HealthRoster is a state-wide staff rostering system that allows managers to more effectively roster staff according to the demands of each location. Local health districts and specialty networks implemented HealthRoster progressively between 2014 and 2018.

A performance audit on HealthRoster benefit realisation was tabled in June 2018. The audit concluded that HealthRoster is realising functional business benefits in the LHDs where it had been implemented. In these LHDs, financial control of payroll expenditure and rostering compliance with employment award conditions had improved.

In 2019–20, a performance audit considered whether health staff are effectively supported to manage their mental health when in high-pressure, high-demand environments. This report was tabled in Parliament in December 2020.

2.6 Financial and sustainability analysis

The Ministry of Health agrees key financial indicators with its controlled entities in their service agreements. These indicators are the financial result for the year, expense growth rate and capital replacement ratio. We analysed the performance of the LHDs and specialty networks against the key financial indicators.

Financial results

Capital grants of $1.8 billion contributed to NSW Health reporting a surplus of $3.1 billion

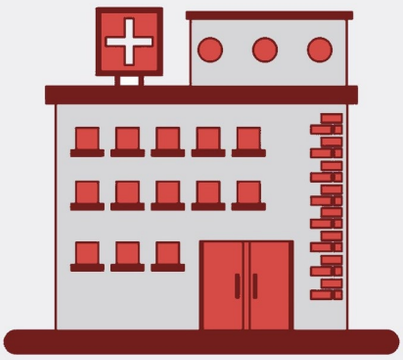
The surplus for NSW Health increased to $3.1 billion in 2019–20 from $1.1 billion in 2018–19.

The increased surplus was mainly due to NSW Health using grants and other contributions received from the NSW State Government and the Commonwealth Government to purchase assets. While the income is recognised upon receipt, the related purchases are capitalised in the Statement of Financial Position.

Overview of key capital spend

COVID-19 related personal protective equipment

HealthShare NSW spent $864.2 million on personal protective equipment inventories.



Ongoing and completed capital projects

NSW Health has spent a total of $2.3 billion on new hospital facilities, upgrades and redevelopments.

Source: Audited financial statements.

Receipt of capital grants affected the financial statements of 14 of the 17 LHDs and specialty networks. The most significant capital projects, other than the purchase of COVID-19 related personal protective equipment are outlined below.

Health entities	Net surplus ($ million)	Key capital project attracting additional capital grant
South Western Sydney LHD	197.7	Campbelltown redevelopment
Nepean Blue Mountain LHD	163.1	Nepean Hospital and Integrated Ambulatory Services redevelopment
Western Sydney LHD	129.0	• Westmead hospital redevelopment stage 1 • Blacktown and Mt Druitt hospitals redevelopment stage 1 and 2 • Rouse Hill Health Service – land acquisition
Murrumbidgee LHD	102.8	• Wagga base hospital redevelopment • Griffith base hospital redevelopment • Harden district hospital • Tumbarumba multipurpose service
Hunter New England LHD	79.1	• Maitland hospital • Inverell hospital redevelopment • Manning hospital redevelopment stage 1 and 2

Source: Audited financial statements and NSW Ministry of Health (audited).

Appendix four details the health entities' performance against each of the key financial indicators as at and for the year ended 30 June 2020.

3. Audit observations

Appropriate financial controls help ensure the efficient and effective use of resources and administration of agency policies. They are essential for quality and timely decision making.

The primary impact of the COVID-19 pandemic on the effectiveness of the internal controls of NSW Health and health entities relates to the effectiveness of controls implemented by HealthShare relating to the stocktake of personal protective equipment inventories. Inventory managed by HealthShare increased by 2,746 per cent during 2019–20. HealthShare's inventory controls did not maintain pace with the sudden, significant increase.

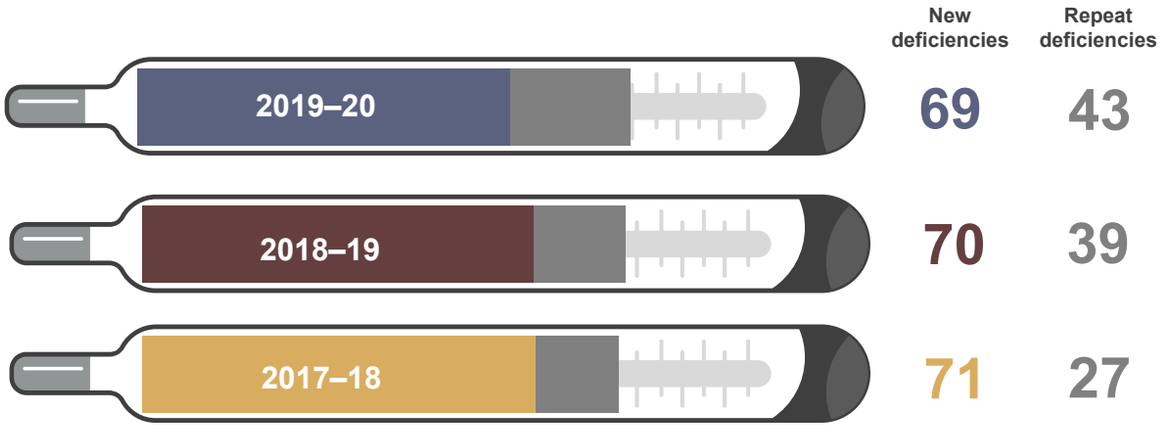
The impacts of NSW Health's response to the COVID-19 pandemic are outlined in chapter one. This chapter outlines other observations and insights from our financial statement audits of agencies in the Health cluster.

Section highlights

- The number of internal control deficiencies has increased since 2018–19. More than a third of control deficiencies are repeat issues.
- Control deficiencies that relate to managing employees' leave and employee's time recording continue to be difficult for entities to resolve, particularly during the ongoing response to the COVID-19 pandemic.
- Several key agreements were undocumented. These included agreements between the Ministry and the health entities, between health entities, and between the Ministry and entities in other clusters and jurisdictions. These related to:
  - a loan arrangement between the Ministry and HealthShare for $319 million.
  - Northern Sydney Local Health District's use of land and buildings owned by the Graythwaite Charitable Trust
  - agreements for the treatment of New South Wales residents while they are interstate, and interstate residents receiving treatment while they are in New South Wales from Queensland, Victoria, South Australia and the ACT for both 2019–20 and 2018–19.
- NSW Health reported that they completed nine major capital projects during 2019–20. As at 30 June 2020 there were 44 ongoing major capital health projects in NSW. The revised capital budget for these projects in total was $2.0 billion more than the original budget of $10.3 billion. NSW Health reported the budget revisions are largely the result of combining project stages.

3.1 Internal control deficiencies

More control deficiencies relating to health entities were reported this year and the number of repeat issues remains high.



Source: Management reports issued by the Audit Office.

The table below describes the common issues identified across the cluster by category and risk rating.

Category	Risk rating	Issue
Capital projects and asset maintenance	Moderate: 1 new, 0 repeat Low: 3 new, 6 repeat	Issues included: • untimely capitalisation of works-in-progress • incomplete plant and equipment stocktakes. Repeat issues included: • fully depreciated assets still in use • deficient management over asset registers.
Procurement practices	High: 1 new, 0 repeat Moderate: 2 new, 4 repeat Low: 6 new, 2 repeat	Issues included: • one high risk issue for deficiencies identified in inventory stocktake process at HealthShare NSW (discussed in chapter one of this report) • inappropriate approval over expenditure claims • incomplete contract registers. Repeat issues included: • inconsistent policy requirements in authorising purchase card transactions • deficient evidence to support aspects of public sector officials' travel.

Category	Risk rating	Issue
Valuation of property, plant and equipment	Moderate: 1 new, 0 repeat	Reported issues relate to Northern Sydney Local Health District - opportunities to improve asset revaluation processes.
Human resources	Moderate: 4 new, 12 repeat Low: 10 new, 3 repeat	Issues included: • deficient processing of timesheets and employee terminations • inaccurate timesheet hours • active system award codes not supported by an Award. Repeat issues included: • management of excessive annual leave • forced finalisation of rosters.
Information technology	Moderate: 4 new, 3 repeat Low: 4 new, 4 repeat	Issues included: • incomplete reviews of fee changes in receivable systems. Repeat issues included: • deficient password and IT change controls • incomplete reviews of StaffLink User Access.
Financial reporting	Moderate: 6 new, 2 repeat Low: 12 new, 1 repeat	Issues included: • limited documentation supporting granting use of assets and formalising other asset usage arrangements with health entities • weaknesses in systems and processes supporting the adoption of AASB 15 and AASB 1058 • cut-off risks in revenue and receivables. Repeat issues included: • weaknesses in the reconciliation process.
Governance and oversight	Moderate: 4 new, 1 repeat Low: 9 new, 3 repeat	Issues included: • incomplete review of bank signatories and online access. Repeat issues included: • outdated policies and procedures.

Category	Risk rating	Issue
Other internal control deficiencies or improvements	Moderate: 2 new, 1 repeat Low: 0 new, 1 repeat	Issues included: • outdated purchase agreement between HAC, SIRA and iCare • non-compliance with Trust deeds. Repeat issues included: • limited reporting on consultancy services.

Extreme risk from the consequence and/or likelihood of an event that has had, or may have a negative impact on the entity.

High risk from the consequence and/or likelihood of an event that has had, or may have a negative impact on the entity.

Moderate risk from the consequence and/or likelihood of an event that has had, or may have a negative impact on the entity.

Low risk from the consequence and/or likelihood of an event that has had, or may have a negative impact on the entity.

Note: Management letter findings are based either on final management letters issued to agencies, or draft letters where findings have been agreed with management.

Source: Management reports issued by the Audit Office.

Deficiencies in information technology internal controls have largely been addressed

During 2019–20 health entities addressed most of the deficiencies in information technology internal controls raised in previous years. The unresolved issues, including those newly identified during the year across 15 health entities relate to:

- reviewing user access (repeat issue)
- monitoring privileged user activities
- HealthRoster access deactivation, user access reviews, password controls and data integrity.

Deficiencies relating to human resources and time recording continue to exist

The Auditor-General undertook a performance audit on the effectiveness of the HealthRoster system in delivering business benefits in 2017–18. The audit found the system implementation has reduced the number of roster related internal control issues, which included unapproved timesheets and salary overpayments needing retrospective adjustments.

Since the implementation of HealthRoster, our audits of health entities noted some improvements in the control environment. Our testing has confirmed that hours recorded by health employees in HealthRoster are materially correct and has not identified any significant control weaknesses related to the design and implementation of controls in HealthRoster.

However, we have continued to note issues relating to how health staff are using HealthRoster. For example, 2.2 million time records were ‘force approved’ by system administrators so pay runs could be finalised on a timely basis (6.9 per cent of time records). There were also instances of time records being approved and finalised before the work was performed.

As health entities complete their transition to HealthRoster, we will continue to assess the design, implementation and effectiveness of monitoring controls implemented by NSW Health, particularly regular escalation of HealthRoster reports and exceptions to senior managers and executives.

Agreements between health entities are not always formalised in writing

The structure of NSW Health requires health entities to enter into agreements relating to funding, borrowings, asset use, provision of services and purchases of assets with other entities in the Health cluster. Several significant transactions between health entities impacted the financial statements in 2019–20 and were not adequately supported by documentation. This included:

- a loan arrangement between the Ministry and HealthShare for $319 million. This was expensed as a subsidy payment to HealthShare because a loan agreement was not in place
- an equity transfer of a liability from the Ministry to North Sydney Local Health District. The transfer was appropriately approved, but transactions were recorded on the basis of the entities' intentions at the inception of the Public Private Partnership (PPP). At the inception of the PPP the Ministry (instead of the LHD) received an upfront cash payment from a private entity. The Ministry and the LHD agreed that in return the Ministry would increase the annual subsidy payments to the LHD by approximately $3.0 million per annum. The agreement was not documented
- Northern Sydney Local Health District using land and buildings owned by the Graythwaite Charitable Trust (the Trust) without an agreement for the use of the assets between the Trust and the District. The notional rent associated with the use of the assets is $2.9 million per annum.

In September 2020, NSW Health also issued a policy directive to clarify the arrangements in place for the use of health properties, legally owned by the Health Administrative Corporation, by other health entities. This encompasses most health properties and clarifies the control of those properties. The properties are recognised as land and buildings in the financial statements of the health entities that use the properties to deliver their outcomes. The policy directive supports this accounting treatment as it stipulates that the health entities using the assets also control the assets because they:

- derive the economic benefit of the properties through cash inflows or savings in outflows
- use these properties in the delivery of their service functions and outcomes
- are responsible for determining the types of activity undertaken with the asset
- perform annual reviews for both the current and projected use of their properties in the context of their ongoing operational requirements
- are responsible for determining and declaring the properties as surplus prior to actual disposal.

Agreements with other states and territories for cross border patient flows are not finalised

In 2018–19 transactions and balances relating to interstate patient flows were based on unsigned agreements with other States. This year agreements with Queensland, Victoria, ACT and South Australia remain unsigned for 2017–18 through to 2020–21. We continue to note that NSW Health has long outstanding receivables and payables with the other states.

Controls relating to the collection of activity based data are operating effectively

In 2019–20, NSW Health received $5.9 billion of activity based funding from the Commonwealth Government ($5.7 billion in 2018–19) and $6.4 billion from the NSW Government ($6.0 billion in 2018–19). Data collected by NSW Health on the cost and level of activity is fundamental to ensuring that funds claimed by NSW Health are accurate and appropriate, that LHDs are appropriately funded and that future National Weighted Activity Unit prices are correctly calculated. Key information includes patient activity data and cost data. Both data sets are collected by LHDs on admitting a patient and throughout the patient's treatment.

We reviewed the key processes associated with collecting activity based funding data and identified the relevant controls. We found that the controls are effectively designed, effectively implemented and were operating effectively during 2019–20.

3.2 Infrastructure delivery

There are two models for delivery of health infrastructure in New South Wales

NSW Health delivered a $2.3 billion capital program in 2019–20 ($2.3 billion in 2018–19).

Health projects with budgeted costs of less than $10.0 million are delivered directly though health entities, while projects with budgeted costs of more than $10.0 million are delivered by Health Infrastructure, a division of the Health Administrative Corporation established to oversee the planning, design, procurement and construction of major health capital works.

In 2019–20, 84 per cent of capital funding for health infrastructure projects was spent on capital projects overseen by Health Infrastructure. The remaining 16 per cent was spent by the other health entities.

Health Infrastructure completed nine capital projects

In 2019–20 Health Infrastructure completed nine projects and reported the total cost of delivering these projects was $315.2 million.

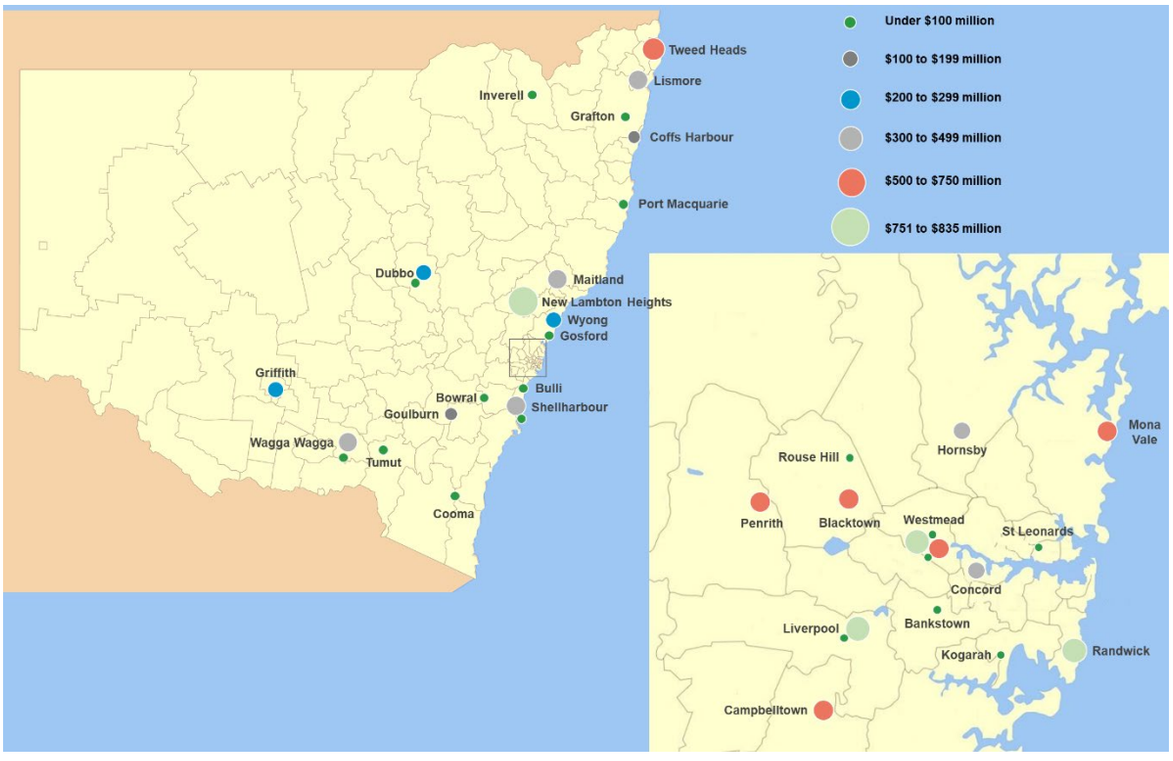
The 1 Reserve Road Construction at the Royal North Shore Hospital delivered the fit-out of interior space for ten NSW Health Agencies to move into the new facility.

The Mudgee Hospital Redevelopment delivered an emergency department, an impatient unit, operating theatre, a maternity unit and various outpatient services. The redevelopment was completed in May 2020.

Macksville Hospital Redevelopment delivered an emergency department, an impatient unit, new theatres and procedure rooms, maternity services and enhanced health facilities. The redevelopment was completed in May 2020.

As at 30 June 2020 Health Infrastructure was managing 44 active projects with a total budget of $12.3 billion

The following map summarises the locations and their budgeted costs, in accordance with the relevant budget paper for each project. Budgeted costs and planned completion dates reported in budget papers are unaudited.



Source: NSW Ministry of Health (unaudited).

Unaudited budget papers reported a total budgeted cost of $2.5 billion for major works such as the Statewide Mental Health Infrastructure Program, Asset Refurbishment and Replacement Program, Multi-Purpose Services Program, Rural Health Infrastructure Program and HealthOne Strategy. These projects are not reflected on the map as they impact multiple regions in NSW.

The revised budget of $12.3 billion represents an increase of $2.0 billion from the original budget. Over the life of the projects, budgeted costs have increased for 17 of the 44 active Health Infrastructure projects. NSW Health reported the budget revisions are largely the result of combining project stages (seven projects) or scope changes (ten projects).

For seven of the 44 ongoing Health Infrastructure projects financial completion dates have been reset to later dates. NSW Health reported this was the result of combining project stages. The financial completion date can be after physical construction is complete.

The Auditor-General released a performance audit report on the Health capital works in August 2020. This report examined whether NSW Health effectively planned and delivered major capital works to meet the demand for health services in New South Wales. The report found that:

- NSW Health has substantially expanded health infrastructure across New South Wales since 2015. However, the program was driven by Local Health District priorities without assessment of the State's broader and future-focussed health requirements
- unclear decision making roles and responsibilities between Health Infrastructure and the Ministry of Health limited the ability of NSW Health to effectively test and analyse investment options.

Project delays and budget overruns on some major projects indicate that Health Infrastructure's project governance, risk assessment and management systems could be improved.

The Auditor-General recommended in the report that NSW Health ensure its capital projects offer the greatest value to New South Wales by establishing effective policy guidance and enhancing project governance and management systems.

The HealtheNet Pathology Results Repository project was completed

IT projects are delivered by eHealth NSW, a division of the Health Administration Corporation responsible for the management of electronic health data.

NSW Health defines information technology projects with an estimated cost of $10.0 million or more as major information technology projects. eHealth NSW completed one major information technology project in 2019–20.

Project name	Original budgeted capital cost	Revised budgeted capital cost	Actual cost*	Original estimated completion	Completed
	$m	$m	$m	Year	Year
HealtheNet Pathology Results Repository	10.5	13.8	13.8	2018	2020

* Actual costs do not include costs funded through recurrent allocations.

Source: eHealth NSW (unaudited).

The HealtheNet Pathology Results Repository project supports the existing HealtheNet Clinical Portal and enables clinicians to access critical patient information such as NSW Health Pathology test results, allergies, medications, and advanced care plans.

Completion dates have been revised for two of eHealth's five ongoing, major IT projects

At 30 June 2020, eHealth NSW was managing five major information technology projects, each with original budgets exceeding $10.0 million. The projects are summarised in the following table.

Project name	Original budgeted cost	Revised budgeted cost	Cost as at 30 June 2020*	Original estimated completion	Revised Completion date
	$m	$m	$m	Year	Year
Electronic Records for Intensive Care (eRIC)	43.1	43.1	43.1	2016	2021
Incident Management System (IMS+)	22.2	40.4	36.2	2016	2021
Digital Patient Records	91.1	236.2	118.1	2022	2022
Whole-of-System Digital Platform	113.0	265.4	140.6	2025	2025
Virtual Care and Telehealth	28.1	28.1	13.1	2021	2021

* Costs as at 30 June 2020 do not include costs funded through recurrent allocations.

Source: eHealth NSW (unaudited).

The planned completion date for the Electronic Records for Intensive Care project was 2015–16. This was revised to 2019–20 and again extended to 2020–21. The first ‘go live’ for this project took place in September 2019 and the project was finalised in October 2020.

Budgeted costs have been revised for three of eHealth's five ongoing, major IT projects

Three projects' budgets have been revised since the original budget was set due to scope expansions for two of the projects (Digital Patient Records and Whole-of-System Digital Platform) and delays encountered in delivery of the Incident Management System project.

The Incident Management System project's budget increased by 82 per cent during the 2019–20. The project had a previously budgeted cost of $22.2 million, which has been revised upwards to $40.4 million. Of the $36.2 million spent to date, $0.2 million has been recognised as an intangible asset and $2.0 million is recognised as work in progress. The remaining $34.0 million (94%) of total costs incurred has been assessed by eHealth as either non-capitalisable costs, or impaired.

Implementation of Virtual Care and Telehealth accelerated due to COVID-19

As part of NSW Health's response to the COVID-19 pandemic the Virtual Care and Telehealth projects' implementation was accelerated. The project was accelerated to provide health care services to people across NSW in self-isolation and reduce unnecessary exposure of patients and health professionals whenever treatment could be safely delivered virtually. Of the $13.1 million of costs incurred to date, $7.7 million (59 per cent) of this has been expensed in the current financial period. $5.4 million is recorded as works in progress.

Capital expenses increased by $28.5 million between 2018–19 and 2019–20

The HealtheNet Pathology Results Repository, IMS+ and Virtual Care projects have a high percentage of expensed capital spending. Overall eHealth's capital expenses have increased to $36.6 million in 2019–20 from $8.2 million in 2018–19. eHealth reports that the increase in capital expensing is due to the stage of the project lifecycle of its major projects, in that significant projects are moving to production. Expenses associated with the implementation phase of a project are expensed. Two projects that moved into production this financial year are the IMS+ project, which commenced implementation with health entities in August 2019 and the HealthNet Pathology Results Repository, which has been progressively rolled out between September 2019 and October 2020.

Section two

Appendices

Appendix one – List of 2020 recommendations

The table below lists the recommendations made in this report.

1. Financial reporting

1.1 Managing excess annual leave	Health entities should continue to review their approach to managing excess annual leave in 2020–21. They should continue to: • monitor current and projected leave balances to the end of the financial year monthly • agree formal leave plans with employees to reduce leave balances over an acceptable timeframe.	High risk
1.2 Ambulance service of NSW overtime payments	Ambulance Service of NSW should further review the effectiveness of its rostering practices to identify strategies to reduce excessive overtime payments.	Low risk
1.3 Time and leave recording practices	Health entities should continue to review time and leave recording practices to rectify control weaknesses, reduce the risk of timesheet fraud and realise all the benefits HealthRoster can deliver.	Medium risk

2. Audit observations

2.1 Supporting documents for agreements between health entities are not robust	We recommend that Management ensure agreement resulting in material transactions are clearly documented and that such documentation be maintained.	Medium risk
2.2 Deficiencies have been identified in HealthShare's management of personal protective equipment inventory	HealthShare should review its inventory management process and respond to any risks affecting inventory.	Medium risk

Key **Low risks** **Medium risks** **High risks**

Appendix two – Status of 2019 recommendations

Recommendation	Current status
Health entities	
Health entities should further review the approach to managing excess annual leave in 2019–20. They should: • monitor current and projected leave balances to the end of the financial year monthly • agree formal leave plans with employees to reduce leave balances over an acceptable timeframe • encourage staff that perform key control functions to take a minimum of two consecutive weeks leave a year as a fraud mitigation strategy.	Health entities' ability to manage excess annual leave balances has been impacted by the response to the COVID-19 pandemic. As a result, NSW Health has only managed to reduce the number of staff with excess annual leave slightly. All health entities continue to have access to monthly reports on projections of balances. Formal leave plans with employees are used to reduce leave balances over an acceptable time frame. Health entities ensure staff who perform key control functions take a minimum of two consecutive weeks a year to mitigate fraud risk.
Health entities should continue to review time and leave recording practices to rectify control weaknesses, reduce the risk of timesheet fraud and realise all the benefits HealthRoster can deliver.	All rosters are required to be reviewed and finalised by relevant roster managers prior to payment. Our audits continued to identify 'force finalised' timesheets, with 2.2 million time records identified as 'force finalised' in 2019–20. The State-wide rostering steering committee monitors the following measures quarterly: • force finalised rosters • retrospective roster adjustments • use of Employee Online and Pay Period Confirmations. Health entities detail their action plans to improve performance against the above metrics in the annual rostering monitoring framework. The Rostering Best Practice Team works with health entities to ensure time and attendance are captured accurately in HealthRoster and daily verification of hours worked to ensure payroll accuracy and prevention of leave leakage.

Recommendation	Current status	
Ambulance Service of NSW		
Ambulance Service of NSW should further review the effectiveness of its rostering practices to identify strategies to reduce excessive overtime payments.	Ambulance Service of NSW (NSW Ambulance) have performed a rural structural reform across regional NSW. NSW Ambulance report that the strategy addresses persistently high reliance on existing staff undertaking on-call overtime to meet community service delivery, through the employment of additional staff. Data matching software has been introduced to facilitate timesheet review, also improving the oversight of overtime claims. NSW Ambulance's overtime costs have reduced to $79.7 million in the 2019–20 financial year (including $6.8 million in bushfire related overtime). Adjusted for the bushfires, overtime costs have reduced by $9.9 million from 2018–19.	

Key  **Fully addressed**  **Partially addressed**  **Not addressed**

Appendix three – Financial data

	Total assets		Total liabilities		Total revenue*		Total expense**	
	2020 $'m	2019 $'m	2020 $'m	2019 $'m	2020 $'m	2019 $'m	2020 $'m	2019 $'m
Cluster lead entity								
Ministry of Health	28,809.4	23,515.1	7,491.6	5,555.0	27,969.5	24,669.7	24,860.3	23,594.0
Local Health Districts								
Central Coast LHD	979.4	892.0	196.8	148.2	977.2	933.6	954.4	902.4
Far West LHD	138.1	137.5	19.1	17.6	127.6	129.6	128.1	129.8
Hunter New England LHD	2,640.2	2,515.9	499.8	457.1	2,547.0	2,402.0	2,467.9	2,390.9
Illawarra Shoalhaven LHD	723.1	704.5	198.1	158.9	1,055.6	1,034.3	1,066.8	1,026.9
Mid North Coast LHD	667.4	568.4	134.3	113.1	772.5	705.5	705.9	674.9
Murrumbidgee LHD	726.2	599.8	110.8	86.6	803.3	706.3	700.5	667.6
Nepean Blue Mountains LHD	863.7	681.7	174.6	148.9	1,099.4	935.7	936.2	891.5
Northern NSW LHD	862.9	761.0	151.2	135.6	979.9	938.5	909.5	872.3
Northern Sydney LHD	2,898.3	2,815.7	1,237.5	1,142.1	1,901.4	2,198.0	1,875.8	1,794.8
South Eastern Sydney LHD	2,043.2	1,961.8	386.2	333.4	2,015.3	1,983.1	1,977.5	1,921.9
South Western Sydney LHD	2,086.0	1,831.8	470.4	413.4	2,298.1	2,051.1	2,100.4	2,024.4
Southern NSW LHD	483.1	434.1	64.7	59.4	519.1	468.9	475.3	456.0
Sydney LHD	2,244.0	2,134.5	453.4	419.9	2,063.8	1,887.5	1,992.8	1,869.5
Western NSW LHD	1,372.8	1,098.0	345.5	316.4	1,105.8	1,017.7	1,039.2	1,001.3
Western Sydney LHD	2,885.3	2,638.0	476.2	357.6	2,145.9	2,234.6	2,016.9	1,869.2
Sydney Children's Hospitals Network	851.8	806.9	163.5	157.7	967.1	867.4	928.0	876.4
Justice Health and Forensic Mental Health Network	124.3	117.8	121.8	113.2	295.0	297.1	297.1	301.8

	Total assets		Total liabilities		Total revenue*		Total expense**	
	2020 $'m	2019 $'m	2020 $'m	2019 $'m	2020 $'m	2019 $'m	2020 $'m	2019 $'m
Pillar agencies								
Agency for Clinical Innovation	3.0	2.9	6.8	6.3	36.9	37.3	37.4	38.2
Bureau of Health Information	0.5	0.5	1.3	0.9	9.2	8.8	9.6	9.1
Cancer Institute NSW	14.3	15.4	18.3	20.0	180.5	188.5	180.0	191.1
Clinical Excellence Commission	1.3	1.4	3.7	3.9	19.9	20.4	19.7	21.9
Health Education and Training Institute	2.5	5.1	5.7	7.3	39.4	49.4	40.3	48.4
Shared state-wide services								
Health Administration Corporation	4,744.0	2,224.3	2,067.9	875.8	5,090.0	3,687.0	3,780.7	3,597.6

	Total assets		Total liabilities		Total revenue*		Total expense**	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Other controlled health entities								
Albury Base Hospital	68,781	71,981	--	--	--	--	3,200	2,941
Graythwaite Charitable Trust	47,285	45,530	--	--	58	125	1,047	1,014
Other entities in the cluster								
Health Care Complaints Commission	8,050	2,637	8,134	2,181	20,903	19,189	21,443	18,319
Mental Health Commission of NSW	2,271	1,886	1,807	1,602	13,390	12,010	13,210	11,520
Health Professional Councils^	66,421	59,340	27,765	18,871	38,052	35,074	39,867	34,906
NSW Health Foundation	8,577	8,277	12	7	24	54	251	241

* Total revenue includes other gains and gain on disposal, which were shown separately on the financial statements.

** Total expense includes other losses, impairment losses on financial assets, and losses on disposal which were shown separately on the financial statements.

^ Health Professional Councils is the aggregate of the Psychology, Physiotherapy, Pharmacy, Osteopathy, Occupational Therapy, Nursing and Midwifery, Medical Radiation Practice, Medical, Dental, Chiropractic, Chinese Medicine, and Aboriginal and Torres Strait Islander Health Practice Councils.

Source: Audited financial statements.

Appendix four – Analysis of financial indicators

The following table summarises the health entities performance against some key financial indicators as at and for the year ended 30 June 2020.

Health entity	Surplus/ (deficit)		Expense growth rate	Capital replacement ratio	
	$'000	%	3-year average %	Ratio	3-year average
Consolidated entity					
Ministry of Health	3,109,230	5.5%	6.0%	2.2	2.2
Local health districts/specialty networks					
Central Coast LHD	22,724	5.8%	5.7%	2.4	3.5
Far West LHD	(532)	(1.3%)	4.3%	1.1	2.2
Hunter New England LHD	79,108	3.2%	5.1%	2.1	1.5
Illawarra Shoalhaven LHD	(11,265)	3.9%	5.4%	1.0	1.1
Justice Health and Forensic Mental Health Network	(2,066)	(1.6%)	5.0%	0.5	0.6
Mid North Coast LHD	66,634	4.6%	5.7%	4.0	2.8
Murrumbidgee LHD	102,789	4.9%	5.9%	4.7	3.0
Nepean Blue Mountains LHD	163,124	5.0%	6.1%	4.4	3.0
Northern NSW LHD	70,413	4.3%	5.3%	3.2	2.8
Northern Sydney LHD	25,647	4.5%	5.5%	1.9	3.0
South Eastern Sydney LHD	37,775	2.9%	4.7%	1.7	2.5
South Western Sydney LHD	197,694	3.8%	6.1%	3.2	1.8
Southern NSW LHD	43,749	4.2%	6.1%	3.4	2.1
Sydney LHD	70,957	6.6%	4.7%	2.0	1.5
Sydney Children's Hospitals Network	39,136	5.9%	7.3%	2.5	1.5
Western NSW LHD	66,516	3.8%	5.1%	2.3	1.7
Western Sydney LHD	128,955	7.9%	5.5%	3.5	4.9

Source: Audited financial statements.

Appendix five – Analysis of performance against budget

Health entity	Budgeted total expenses (excluding losses)		Total expenses (excluding losses)	Favourable/(unfavourable) variance				
	Original	Final	Actual	Original vs actual		Final vs actual		
	$m	$m	$m	$m	%	$m	%	
Far West LHD	121.2	128.0	128.1	(6.9)	(5.4)	(0.1)	(0.1)	
Western Sydney LHD	1,856.8	2,007.8	2,014.3	(157.5)	(7.8)	(6.5)	(0.3)	
Nepean Blue Mountains LHD	873.0	911.3	934.8	(61.8)	(6.6)	(23.5)	(2.5)	!
Illawarra Shoalhaven LHD	998.5	1,043.1	1,063.4	(64.9)	(6.1)	(20.3)	(1.9)	!
Murrumbidgee LHD	641.1	677.1	699.5	(58.4)	(8.3)	(22.4)	(3.2)	!
Sydney Children's Hospital Network	834.6	899.3	927.2	(92.6)	(10.0)	(27.9)	(3.0)	!
South Eastern Sydney LHD	1,848.2	1,959.1	1,973.8	(125.6)	(6.4)	(14.7)	(0.7)	!
Southern NSW LHD	433.6	463.0	475.1	(41.5)	(8.7)	(12.1)	(2.5)	!
Western NSW LHD	978.7	1,037.2	1,038.5	(59.8)	(5.8)	(1.3)	(0.1)	
Justice Health and Forensic Mental Health Network	242.5	294.3	296.7	(54.2)	(18.3)	(2.4)	(0.8)	!
Mid North Coast LHD	673.1	702.3	705.5	(32.4)	(4.6)	(3.2)	(0.5)	
Hunter New England LHD	2,358.0	2,481.3	2,463.7	(105.7)	(4.3)	17.6	0.7	
Northern Sydney LHD	1,736.0	1,872.4	1,872.0	(136.0)	(7.3)	0.4	0.0	
Sydney LHD	1,855.6	1,980.3	1986.0	(130.4)	(6.6)	(5.7)	(0.3)	
Northern NSW LHD	875.0	909.2	909.2	(34.2)	(3.8)	0.0	0.0	
South Western Sydney LHD	1,999.4	2,091.3	2,096.7	(97.3)	(4.6)	(5.4)	(0.3)	
Central Coast LHD	873.1	918.6	953.8	(80.7)	(8.5)	(35.2)	(3.7)	!

Key ! **Not performing according to NSW Ministry Health's performance framework**

Source: Audited financial statements.

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OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

OUR PURPOSE

To help parliament hold government accountable for its use of public resources.

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Curious and open-minded

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