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NSW Ministry of Health

Financial Requirements and Conditions of Subsidy (Government Grants)

For the year ending 30 June 2023

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SECTION 1 BACKGROUND

1.1 Background

The State Budget, handed down in June each year, reflects the culmination of budget planning and negotiation between agencies and NSW Treasury, and decisions of Government over the preceding months to meet the costs of both ongoing and new services.

Section 127 of the *Health Services Act 1997* requires the Minister for Health ('the Minister') to approve the initial cash grant paid to all NSW Health Public Health Organisations ('PHOs') and Health Administration Corporation ('HAC') entities. These are collectively referred to as Public Health Entities or PHEs within the context of this policy document. PHEs are provided with funding to achieve budget, including expenditure, own source revenue and balance sheet movement budgets. This same section allows the Minister or delegate to attach conditions to such subsidy (known as the **Conditions of Subsidy**). The ability to apply Conditions of Subsidy has been delegated to the Secretary, Deputy Secretaries, Chief Financial Officer and Deputy Chief Financial Officer.

PHEs must ensure that Government Grants (subsidies) are spent in accordance with the purpose and conditions of annual Service (or Performance) Agreements[1] and must comply with all statutory and regulatory conditions placed upon the payment of grants under the Service Agreement and any subsequent funding approvals.

PHEs must meet the targets and other requirements of their annual Service Agreement. PHEs must operate within approved recurrent and capital budgets, achieve service activity volumes, and other performance and service objectives required under the annual Service Agreement.

It is a Condition of Subsidy (Government Grants) that Chief Executives are responsible for ensuring that there are appropriate measures in place to ensure sound financial management and compliance with Ministry of Health and Government policies with regards to financial and budgeting practices.

This policy document outlines these requirements and applies to all PHEs.

In the exercise of power conferred under s. 127(4) of the *Health Services Act 1997*, the Secretary, as delegate of the Minister, has determined that it shall be a condition of the receipt of Consolidated Fund Recurrent Payments and Consolidated Fund Capital Payments (or simply **Condition of Subsidy**) that each PHE must also comply with the requirements of:

- The Accounts and Audit Determination for Public Health Entities in NSW,
- The Accounting Manual for Public Health Organisations, and
- Any directions, Policy Directives, Information Bulletins, Guidelines, Manuals and any other policies or procedures issued or approved by the Health Secretary or the Minister.

Under the Accounts and Audit Determination, the Chief Executive and Board (if applicable) of a PHE must ensure:

- The proper performance of the PHE's accounting procedures including the adequacy of internal controls,
- The accuracy of the PHE's accounting, financial and other records,
- The proper compilation and accuracy of the PHE's statistical records, and
- Observance of the directions and requirements of the Secretary and the Ministry of Health set out in policy directives and procedure manuals issued by the Minister, the Secretary, and the Ministry of Health.

PHEs must operate within the NSW Health Performance Framework. Financial sustainability should be viewed from both a short and long term perspective. Short term indicators show the ability of an entity to sustain sufficient liquidity over the short term, while long term indicators have a strategic focus such as an ability to continue funding asset replacement programs.

[1] *Local Health Districts and Specialty Health Networks have annual Service Agreements whereas Statutory Health Corporations (i.e., Pillar organisations) have annual Performance Agreements and HAC entities have Statement of Service. For simplicity of language in this document, 'Service Agreements' will refer to Service Agreements, Performance Agreements and Statement of Service.*

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Income arising from contributions such as appropriations should be recognised as a Government Grant by a PHE when the cash is applied. Similarly, payments from the National Health Funding Pool for Activity Based Funding (ABF) activity should also be recognised as Government Grant revenue by Local Health Districts and Specialty Health Networks (LHDs/SHNs).

Government Grants are considered Deemed Appropriations under s. 4.7 of the *Government Sector Finance Act 2018*. The Minister has delegated the authority to spend Deemed Appropriations to officers contained in the manual of delegations maintained by the agency.

1.2 Purpose

This policy document outlines the requirements and provides guidance to ensure that **Conditions of Subsidy** requirements under the *Health Services Act 1997* and other relevant NSW Health policy requirements are met. This policy document outlines requirements and expectations in relation to financial matters including accountability, budget and liquidity management, Auditor-General compliance, taxation, superannuation and leave.

By applying the key principles in this document, this will:

- Assist PHEs comply with the *Health Services Act 1997* and respective Service Agreements,
- Enable appropriate reporting on key financial and non-financial information in relation to the subsidies (Section 2),
- Provide guidance to PHEs on financial reporting requirements to ensure policy compliance, and
- Provide guidance to PHEs to promote and enhance consistency of reporting between PHEs.

NSW Health PHEs are required to comply with these guidelines and policy directives as these represent best practice and ensure compliance with statutory and legislative policy requirements across NSW Health.

The *Health Services Act 1997* is the principal Act regulating the governance and management of the public health system in NSW. The Act establishes the NSW public health system as comprising of:

- Local Health Districts,
- Statutory Health Corporations, including board, chief executive and network governed Statutory Health Corporations,
- Affiliated Health Organisations (with respect to their recognised services), and
- the Secretary, NSW Health with respect to ambulance services and other services to support the public health system.

In the context of this policy, Public Health Entities (PHEs) refers to Local Health Districts, Statutory Health Corporations, and services provided by Health Administration Corporation as incorporated by the *Health Administration Act 1982*. This excludes Affiliated Health Organisation and other NSW Government entities within the Health portfolio such as St Vincent's Health Network, Health Care Complaints Commission, Mental Health Review Tribunal, Health Professionals Councils, and Mental Health Commission.

1.3 When and how to use this policy

This policy document should be read and understood by each Chief Executive, Director of Finance, and their direct reports:

- As a requirement of receiving Government Grants from NSW Ministry of Health,
- To comply with mandatory reporting requirements,
- To ensure consistency in financial reporting and statutory compliance across the NSW public health system, and
- To ensure appropriate governance and compliance of each PHE's financial performance and balance sheet position.

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This policy document has three key sections:

Section 1: Key background information and purpose of this policy document

Section 2: Mandatory reporting requirements and any associated performance metrics

Section 3: Application guidance for Chief Executives and Directors of Finance in applying the reporting requirements

1.4 Definitions

The below abbreviations are defined as:

"**ABF**" refers to Activity Based Funding

"**ADO**" refers to Allocated Days Off

"**AHO**" refers to Affiliated Health Organisation and is defined under s. 13 of the *Health Services Act 1997* and means a non-profit, religious, charitable or other non-government organisation listed in Column 1 of Schedule 3 of the Act, but only in respect of establishments or services listed in Column 2 of that Schedule.

"**AFM Online**" refers to Asset & Facility Management Online, Information Management system to improve how the assets and facilities of NSW Health are managed to ensure they are available in the right condition, at the right time and in the right location for optimal patient care.

"**AGIS**" system refers to Advanced Global Intercompany System

"**ARC**" refers to Audit and Risk Committees

"**BTS**" refers to Budget Transaction System

"**CE**" refers to Chief Executive

"**Consolidated Fund**" is the account into which the government deposits taxes, tariffs, excises, fines, fees, loans, income from Crown assets and other revenues once collected, together with transfers from the Commonwealth, and from which it withdraws the money it requires to cover its expenditure.

"**CTF**" refers to Custodial Trust Funds which means contributions that are not controlled by a PHE (that is, does not have a Management Committee, and the assets are not held for the benefits of the PHE). A PHE only performs the role of trustee and custodian of these assets.

"**DoF**" refers to Director of Finance

"**DVA**" refers to Department of Veterans' Affairs

"**eCTRA**" refers to Electronic Custodial Trusts and Restricted Assets

"**Government Grant**" refers to funds allocated to PHEs by the Ministry, or by a Local Health District to an AHO, from appropriations from the Consolidated Fund (including funds from the Commonwealth under the National Health Reform Agreement).

"**EIP**" refers to Efficiency Improvement Plan

"**HAC**" refers to Health Administration Corporation which means the Health Secretary incorporated as a corporation sole under s. 9 of the *Health Administration Act 1982* and includes Public Health System Support (comprising Health System Support Group, HealthShare NSW and NSW eHealth), Health Infrastructure, NSW Ambulance Service and NSW Health Pathology.

"**Health Secretary**" refers to the Secretary of the NSW Ministry of Health

"**KPI**" refers to key performance indicator (or metric)

"**LHD**" refers to Local Health Districts

"**MoH**", "**Ministry**" or "**Ministry of Health**" refers to the NSW Ministry of Health listed in Part 1 of s. 1 of the *Government Sector Employment Act 2013*

"**Monthly Performance Narrative**" refers to the monthly commentary on actual versus budgeted performance

"**MVA**" refers to Motor Vehicle Accident

"**NGO**" refers to Non-Government Organisations

"**Pillars**" refers to Agency for Clinical Innovation, Bureau of Health Information, Cancer Institute NSW, Clinical Excellence Commission, and Health Education & Training Institute. Pillars are Statutory Health Corporations as defined by s. 2 of the *Health Services Act 1997.*

"**PHE**" refers to Public Health Entities and includes, for the purposes of this policy document, i) Public Health Organisations (including Local Health Districts, Statutory Health Corporations) excluding Affiliated Health Organisations, and ii) Services provided by the Health Administration Corporation.

"**PHO**" refers to Public Health Organisations. This is defined under s. 7 of the *Health Services Act 1997* and includes Local Health Districts, Statutory Health Corporations and Affiliated Health Organisations in respect of its recognised establishments and services.

"**RAS**" refers to Regional Assessment Service

"**RFA**" refers to Restricted Financial Assets. This means public money that is not a NSW Government Grant or Consolidated Fund payment and that can only be used for a specified purpose or purposes under a contract or other binding legal obligation. All RFA revenue is deemed appropriation under the *Government Sector Finance Act 2018*.

"**RPM Tool**"' refers to the KEY system used to track and monitor EIP progress.

"**SHN**" refers to Specialty Health Networks

"**SMRS**" refers to Statewide Management Reporting Services (sometimes referred to as Corporate Analytics or SMRT)

"**Statutory Health Corporation**" is defined in Schedule 2 of the *Health Services Act 1997.*

"**TACP**" refers to Transitional Aged Care Program

"**WD**" refers to Business Working Day

1.5 Policy review and control

Issue Date	21 June 2022
Revised Date	Not applicable
Author	Executive Director System Financial Performance and Deputy Chief Financial Officer
Changes to 30 June 2022 Policy document	• Re-design of Policy document to distinguish between mandatory reporting requirements and other informational guidance • Formalisation of **key financial performance metrics and reporting requirements** to ensure accountability by each PHE

1.6 Non compliance with this policy

The requirement to comply with the various Conditions of Subsidy is outlined in the annual Service Agreements between NSW Health and NSW Health Public Health Entities (PHEs). These Service Agreements are a central component of NSW Health's Performance Framework. The Conditions of Subsidy requirements outlined in this policy document should therefore be read in conjunction with the annual Service Agreement and knowledge of the NSW Health Performance Framework.

The reporting requirements outlined in this document will provide clarity and insight into the overall financial governance of each PHE.

As requirements are not complied with or key performance metrics are not met, the Ministry of Health will consider these as part of the quarterly performance review meetings. The Ministry of Health meets with the CE and senior management team for each PHE through quarterly performance review meetings. Where a performance issue is identified, the frequency of meetings may be increased until the issue is resolved. Non compliance with this Policy will be taken into consideration as part of this process.

1.7 Escalation requirements

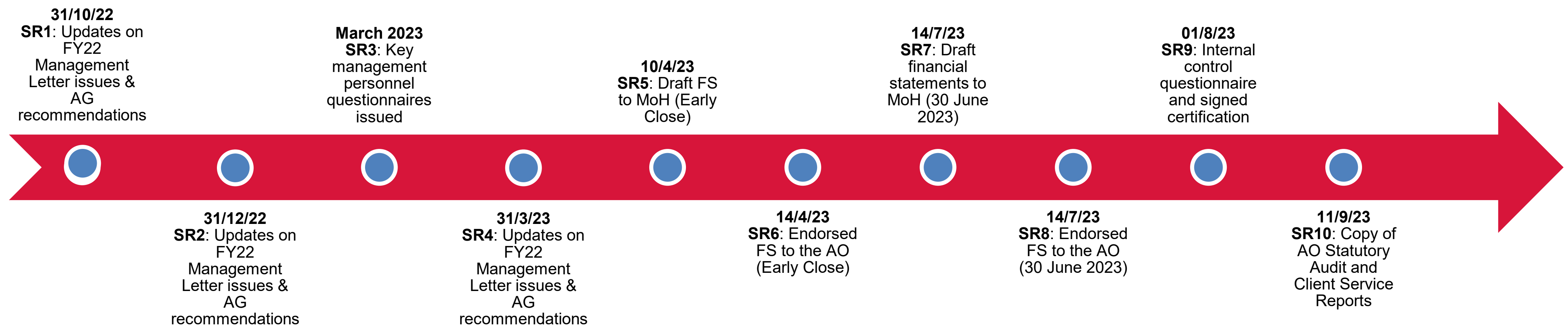
Interpretations of the provisions of this guidance paper which are unclear or not specifically addressed should be discussed in writing with the Deputy Chief Financial Officer of NSW Health.

SECTION 2 MANDATORY CONDITIONS OF SUBSIDY REQUIREMENTS

2.1 Annual requirements

As part of the conditions of subsidy, it is the responsibility of the Chief Executive and Director of Finance of each PHE to ensure that the following are submitted **by the below due dates**.

Statutory Reporting Timeline



Further details for the annual statutory submissions can be seen below in **Table 1.0**.

Table 1.0 Annual Requirements – Statutory Reporting

Annual Requirements – Statutory Reporting	Due Date	PHE owner	Application guidance
SR1: Submit progress updates in relation to FY22 Management Letter issues and the status of Auditor-General recommendations, and ARC has reviewed all matters raised by the auditors and remediation plans.	31 Oct 2022	CE	3.1 Statutory reporting and audit compliance
SR2: Submit progress updates in relation to FY22 Management Letter issues and the status of Auditor-General recommendations, and ARC has reviewed all matters raised by the auditors and remediation plans.	31 Dec 2022		
SR3: Complete key management personnel questionnaires	Mar Milestone Report		
SR4: Submit progress updates in relation to FY22 Management Letter issues and the status of Auditor-General recommendations, and ARC has reviewed all matters raised by the auditors and remediation plans.	31 Mar 2023		
SR5: Submit draft financial statements to MoH (Early Close). Any required changes must be endorsed by the MoH Financial Accounting team.	10 Apr 2023	DoF	
SR6: Submit endorsed financial statements to the Audit Office (Early Close)	14 Apr 2023		
SR7: Submit draft financial statements to MoH (30 June 2023)	14 Jul 2023		
SR8: Submit endorsed financial statements to the Audit Office (30 June 2023) Cascading certification required as part of June Milestone Report (see MN1 in Table 6.0)		CE/DoF	
SR9: Submit Internal control questionnaire and signed certification over the Effectiveness of Internal Controls over Financial Information (TP17-06)	1 Aug 2023		
SR10: Copy of Audit Office Statutory Audit Reports and Client Service Reports	11 Sep 2023	DoF	

Annual Budgeting, Forecasting and EIP Timeline

Table 2.0 Annual Requirements – Budgeting, Forecasting and EIP

Annual Requirements – Budget	Due Date	PHE owner	Application guidance
B0: Submit individual efficiency strategies (EIPs) to meet target for FY23 – via KEY	31 Jul 2022	CE	3.2.5 Efficiency Improvement Plans
B1: Publish FY23 Budget information available on notice boards[2]			3.2 Budgeting and forecasting
B2: Submit FY24 forward estimates and information schedules[2]	24 Mar 2023		3.2.4 Forecasting
B3: Certify the accuracy of FY23 forecasts* (see Appendix F for example)[2]	31 Mar 2023		
B4: Submit remaining FY24 annualised budget supplementations[2]	Mid-Apr 2023		3.2 Budgeting and forecasting
B5: Submit a summary of initiatives to the PMO to meet efficiency target (EIP Plan) *This applies to the planning for the following financial year 2023/24*	30 Apr 2023		3.2.5 Efficiency Improvement Plans
B6: Submit individual efficiency strategies to meet target (EIP)[3] (this applies to the planning for the following financial year 2023/24)	31 May 2023		
B7: Submit progress report against EIP strategies for FY23[3]	30 Jun 2023		

[2] Source data is captured is captured in BTS; however, the template is included in Appendix G and Appendix H and is to be published on notice boards.
[3] Submissions B6 to B7 are to be made through KEY. The Ministry will communicate the EIP Target separately.

Annual Capital Submissions Timeline

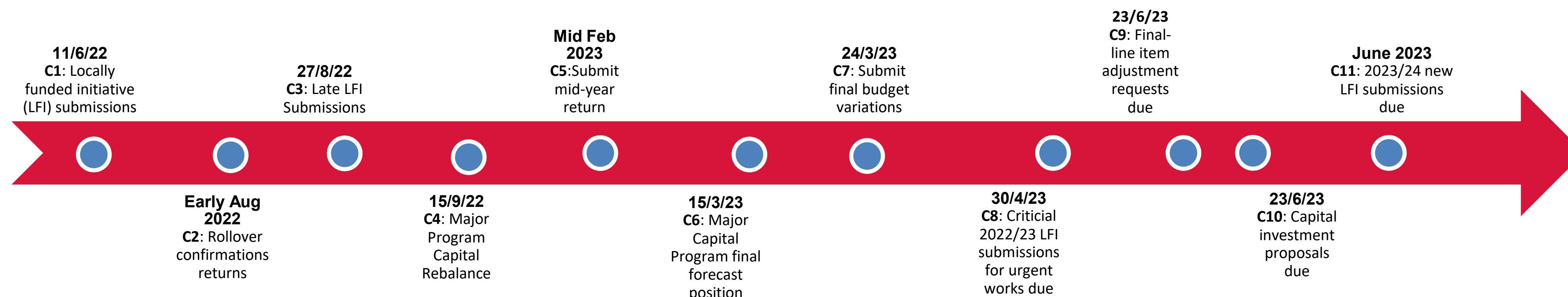


Table 3.0 Annual Requirements – Capital

Annual Requirements – Capital[4]	Due Date[5]	PHE owner	Application guidance
C1: Locally funded initiative (LFI) submissions due	11 Jun 2022	DoF	3.3 Capital
C2: Rollover confirmations returns due	Early Aug 2022		
C3: Late LFI Submissions due	27 Aug 2022		
C4: Major Capital Program rebalance (for Treasury Half Year Review)	15 Sep 2022	DoF - *Health Infrastructure, eHealth, Ambulance **only***	
C5: Submit mid-year return	Mid Feb 2023	DoF	
C6: Major Capital Program final forecast position (for 2023/24 budget process)	15 Mar 2023	DoF - *Health Infrastructure, eHealth, Ambulance **only***	
C7: Submit final budget variations	24 Mar 2023	DoF	
C8: Critical 2022/23 LFI submissions for urgent works due	30 Apr 2023		
C9: Final line-item adjustment requests due	23 Jun 2023		
C10: Capital investment proposals due to inform the 2023/24 budget			
C11: 2023/24 new LFI submissions due	Jun 2023		

[4] Templates will be provided via e-mail and submission should be to MOH-CapitalReporting@health.nsw.gov.au
[5] Dates are subject to change

Table 4.0 Annual Requirements – Revenue

Annual Requirements – Revenue	Due Date	Reporting format to Ministry	PHE owner	Key Performance metric	Application guidance
R1: Submit a register of all Staff Specialists, including levels, speciality and current facility fee rate	1 Oct 2022	Email: MOH-Revenue@health.nsw.gov.au	CE	PHE is charging facilities fees at or more than the standard facility fee rates.	3.7.2.2 Own Source Revenue
R2: Submit a register of all Visiting Medical Officers (VMO) including: • Speciality • Current licence agreement details, including date, rates, etc. • Details of out-of-pocket expenses for inpatients				PHE has a standard licence agreement in place with all VMOs and has a register of out-of-pocket arrangements	
R3: Submit a register of special facility fee arrangements for all SMOs.				• PHE is charging facilities fees at or more than the standard facility fee rates. • PHE has a standard licence agreement in place with all VMOs.	
R4 Submit a report detailing the total number and amount of inpatient invoices that have been written off, adjusted and paid	30 Jun 2023			PHE has strategies in place to minimise doubtful and bad debts	
R5 Submit a report by facility detailing the total number of PLOs, their operation hours and number of vacancies	1 Oct 2022			At least 75% of key frontline revenue roles are occupied and staffed appropriately	
R6: Submit a report by facility detailing the number of staff performing PLO-like tasks, their operation hours and number of vacancies				At least 75% of key frontline revenue roles are occupied and staffed appropriately	
R7: Certify that there are clinician engagement plans and own source revenue plans in place				PHE has suitable documentation to support own source revenue improvement	
R8: Certify that there are operational and strategic revenue committees, and that these committees have oversight over all own source revenue streams				PHE has suitable governance and accountability structures in place to support own source revenue improvement	
R9: Certify that all revenue systems data integrity is maintained				PHE has suitable processes in place to regularly cleanse and maintain data quality in the Revenue Portal and billing systems	
R10: Certify that Revenue Portal usage is maximised across all frontline staff and revenue management				PHE has suitable processes in place to fully utilise the Revenue Portal	
R11: Certify that there are sufficient processes are in place to review activity data against relevant systems to avoid duplicate claiming				PHE has suitable processes in place to review activity data to ensure accurate billing and claiming	
R12: Certify that there are sufficient processes in place to ensure Medicare compliance				Demonstrate suitable processes are in place to monitor Medicare billing	

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Annual Requirements – Revenue	Due Date	Reporting format to Ministry	PHE owner	Key Performance metric	Application guidance
R13: Certify that clinicians receive sufficient information about Medicare billing at the time of their commencement	1 Oct 2022	Email: MOH-Revenue@health.nsw.gov.au	CE	Demonstrate onboarding processes for all clinicians to receive information material about Medicare billing	3.7.2.2 Own Source Revenue
R14: Submit a revenue Organisational Chart including both frontline and back-office				PHE has appropriate revenue resourcing	
R15: Certify that suitable and relevant training is in place for all aspects of own source revenue for new and existing staff				PHE has training plans and schedules covering all aspects of own source revenue	
R16: Certify that Level 1 Staff Specialists are billing for all chargeable services				PHEs are responsible for Level 1 Staff Specialist billing	

Table 5.0 Annual Requirements – Other Annual Obligations

Annual Requirements – Other Annual Obligations	Due Date	Reporting format to Ministry	PHE owner	Key Performance metric	Application guidance
O1: Submit local Strategic Asset Management Plans (SAMPs) and Asset Management Plans (AMPs)	1 Jul 2023	Email: MOH-AssetManagement@health.nsw.gov.au	CE	N/A - Deliverable	[3.4 Asset management](#)
O2: Submission of the SLA KPI: Capital renewal as a proportion of asset replacement (%)[6]	Jun 2023	Annually - in the June Monthly Performance Narrative as a **Financial KPI**		On an annual basis, capital replacement and renewal expenditure, as a proportion of asset replacement value at 30 June 2023, is greater than or equal to 1.4%	
O3: Submission of the SLA KPI: Asset maintenance expenditure as a proportion of asset replacement (%)[6]		Annually - in the June Monthly Performance Narrative as a **Financial KPI**		On an annual basis, asset maintenance expenditure, as a proportion of asset replacement value at 30 June 2023, is greater than or equal 2.15%.	
O4: Submission of local NSW Health Asset Management Framework Implementation Plans	Annually (likely 31 Dec 2022[7])	Email: MOH-AssetManagement@health.nsw.gov.au		N/A - Deliverable	
O5: Complete local annual asset management maturity assessment	Annually (likely 31 Mar 2023[7])	Submission to Asset Management Branch MoH, via Health Infrastructure, Asset and Project Advisory			
O6: Calculate and submit the energy efficiency performance metric	Annually (**FINAL**) - end of Jun 2023 **Quarterly** interim progress reports – first by end Sep 2022	Email: MOH-Assetmanagement@health.nsw.gov.au Progress report format is to be communicated separately (refer to Energy Efficiency Performance Metric Guidance within **Section 3.4**). Interim reporting is expected to include the basis of calculation, energy efficiency projects implemented and any other relevant milestones.	CE[8]	The total amount of energy use that will be avoided each year represented as a % of the total consumption in the baseline year (FY21/22), is at least 1.5%.[9]	
O7: Submit Act of Grace and Gifts of Government Property Registers	Annually	Email: MOH-healthfinreporting@health.nsw.gov.au	CE	N/A	**3.7.5 Compliance**

[6] Performance metric is outlined in the 2022-23 annual Service Agreement. The performance metric and associated reporting requirement is a Condition of Subsidy and explanatory guidance is therefore included in this policy document.
[7] Dates subject to change
[8] Local Health Districts, SCHN, NSW Ambulance Service, HealthShare, NSW Health Pathology only
[9] The performance metric is subject to change and will be communicated by the MoH Sustainability and Facilities Team.

2.2 Monthly requirements

As part of the Conditions of Subsidy, it is the responsibility of the CE and/or DoF of each PHE to ensure that the following are submitted on time and where applicable, **performance metrics outlined in the table below are complied with.**

Table 6.0 Monthly Requirements

Monthly Requirements – Monthly Performance Narratives	Due Date	Reporting format to Ministry	PHE owner	Key performance metric	Application guidance
MN1: Submit Monthly Milestone Report & Management Certification	WD10	Submission is via completion of the tasks in Financial Task Manager (e.g., see Appendix B and Appendix A)	DoF	N/A	3.7 Other financial reporting guidance
MN2: Submit monthly Performance Narrative	WD4	Submission is the completion of the Monthly Performance Narrative (see Appendix D)	CE, DoF	As outlined in the SLA: • The variance percentage of Actuals versus Budget – General Fund for Expenditure, Own Source Revenue and NCOS should be on budget or favourable	
MN3: Submit monthly Capital Narrative		Submission is the completion of the Monthly Capital Narrative, including commentary on project milestones (e.g., see Appendix E)		Variance explanations are required for: • Monthly YTD variances versus budget greater than 5% • Any variances of Full Year Forecast versus Budget	
MN4: Update EIP Monthly Milestones (RPM Executive Report)	WD7	KEY software (RPM reporting tool)		Key performance metrics are: • Performance YTD versus Plan is favourable • Performance YTD variances versus EIP Target (as communicated by MoH) is greater than 10%	3.2.5 Efficiency Improvement Plans
MN5: CTF Scorecard Submission *(example included within Appendix C)*	WD10	Email: MOH-RestrictedFinancialAssets@health.nsw.gov.au		The CTF Scorecard includes several sheet metrics: • Current Ratio: >2.00 • Working Capital: +ve • Liquidity: >90% • Cash in CTF: >90% • Debt Equity Ratio: 0	3.6.4 Restricted financial assets and custodial trust funds
MN6: RFA Scorecard Submission *(example included within Appendix C)*		Email: MOH-RestrictedFinancialAssets@health.nsw.gov.au		The RFA Scorecard includes several sheet metrics: • Working Capital: +ve • Liquidity: >85% • Cash in RFA: >90% • % Committed Cash: <100% • Debt Equity Ratio: <0.5	

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Table 7.0 Monthly Requirements – Balance Sheet Reporting

Monthly Requirements – Balance Sheet Reporting	Due Date	Reporting format to Ministry[10]	PHE owner	Key performance metric	Application guidance
BS1: Leave entitlement reporting	WD4	Submission is included within Monthly Performance Narrative	DoF	• ADO expense as a percentage of total salaries expense does not increase more than 5% monthly • Number of employees with ADOs > 3 days does not increase more than 5% monthly • Where the average ADO balance as of 30 June 2022 is greater than 3 days, the average ADO balance of the employees should show a reduction of at least 10% by 31 December 2022	3.7.4 Leave Entitlement & Allocated Days Off
BS2: Direct debit reporting				No direct debit payments are made other than as authorised by the CFO	3.6 Cash, banking and liquidity management
BS3: Vendor reporting				• PHEs maintain 100% of small vendors are paid within 5 days • PHEs maintain 100% of other vendors are paid within 30 days	3.6.3 Aged Creditors
BS4: Aged debtor reporting				On a monthly basis, debtors greater than 60 days overdue as a % of total debtors is less than 5%	3.6.2 Aged Debtors
BS5: Procurement savings target[11]			**PHEs only:** CE/DoF	On a monthly basis the actual YTD procurement savings achieved ($) as a % of Target YTD procurement savings ($) is equal or greater than 95%.	3.5 Procurement

[10] Unless stated, submission is to be made via Financial Task Manager.

[11] Performance metric is outlined in the 2022-23 annual Service Agreement. The performance metric and associated reporting requirement is a Condition of Subsidy and explanatory guidance is therefore included in this policy document.

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Table 8.0 Monthly Requirements – Forecasting

Monthly Requirements – Forecasting	Due Date	Reporting format to Ministry	PHE owner	Application guidance
F1: Submit outstanding budget supplementations	To be communicated separately	Budget Transaction System	DoF	3.2 Budgeting and forecasting & EIPs
F2: Submit daily estimates reporting on the daily cash flow forecasts to actual cash flow	10 AM, Daily	State-wide Cash Forecasting System		3.6 Cash, banking and liquidity management
F3: Submit detailed daily cash flow forecasts each month, for the following twelve months	Monthly			
F4: Finalise and submit Monthly Forecasts	WD3	SMRS	CE, DoF	3.2.4 Forecasting

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Table 9.0 Monthly Requirements – Revenue

Monthly Requirements – Revenue	Due Date	Reporting format to Ministry	PHO owner	Key performance metric	Application guidance
RM1: Reporting of private health insurance conversion rate for inpatients	WD4	Submission is included within Monthly Performance Narrative	DoF	• 85% Target, and • Equal to or greater than the previous month	3.7.2.2 Own Source Revenue
RM2: Reporting of private health insurance identification rate for inpatients				• Equal to or greater than the previous month	
RM3: Reporting of total percentage of chargeable Staff Specialist services without billing (per the Revenue Portal)				• Less than 10%, and • Equal to or less than the previous month	
RM4: Monitor and immediately report any Medicare compliance activity to the Ministry and keep the Ministry updated as to the progress of all compliance action	Ongoing	Email: MOH-Revenue@health.nsw.gov.au		Compliance concerns immediately escalated	
RM5: Report to monitor and analyse level of debt for inpatient fees including volume of write off	WD4	Submission is included within Monthly Performance Narrative		Debtor balance greater than 60 days, as a percentage of total debtors, is less than 5% (BS4 in Table 7.0)	3.6.2 Aged Debtors

SECTION 3 APPLICATION GUIDANCE

3.1 Statutory reporting and audit compliance

It is a Condition of Subsidy that:

- PHEs must submit all required returns and lodgements as per Table 1.0 **Annual Requirements – Statutory Reporting.**
- PHEs respond to the audit management letters in a timely manner (with formal updates required in line with the timing outlined below), responding to the matters or recommendations raised and, where required, putting measures to improve processes and practices.
- Where applicable, PHEs track performance against Auditor-General Report Recommendations made to Parliament, with remediation plans being prepared and in place prior to the Early Close (Refer to Table 1.0) date in the following financial year (i.e., 2021/22 recommendations remediation plan should be in place prior to 10 April 2023). The Ministry of Health can request for status reports and these should be readily available.
- Local Audit and Risk Committees should review matters raised by auditors and establish processes to satisfy themselves that action is being taken to rectify issues raised by the auditors at least once a quarter and submit updates by the end of the quarter (excluding year-end).
- Ensure the Ministry Financial Accounting team are advised of all administrative transfers on a timely basis.
- Chief Executives are to ensure they have processes and governance arrangements in place to ensure there are no material misstatements or errors in the annual financial statements of their reporting entity.

Further information on the annual Certification of the Effectiveness of Internal Controls over Financial Information can be found in NSW Treasury TPP17-06. Any changes to the pro-forma financial statements must be endorsed by the Ministry of Health. Refer to the NSW Health Accounting Policy Manual which provides guidance on the preparation and presentation of its financial information and performance to ensure compliance with the *Government Sector Finance Act 2018* and the *Government Sector Finance Regulation 2018*.

3.2 Budgeting, forecasting & EIPs

It is a Condition of Subsidy that:

- PHEs must submit all required returns and lodgements as per:
    - Table 2.0 **Annual Requirements – Budgeting, Forecasting and EIP**
    - Table 6.0 **Monthly Requirements – Monthly Performance Narratives**
    - Table 8.0 **Monthly Requirements – Forecasting**
- Budget allocated by PHEs for services purchased from NSW Health Pathology, eHealth NSW and HealthShare NSW agree with the volume and pricing advice provided by these entities (and, therefore, with the budgets allocated to PHEs for this purpose).
- PHEs escalate non-government organisation ('NGO') budgets by the applied escalation rate of 3.0 per cent.
- LHDs/SHNs publish the following on its external website no later than the date stipulated by the Secretary, NSW Health in the letter that accompanies the issued Service Agreement:
    - Executed annual Service Agreement (signed by the Chair of the Board and the Secretary, NSW Health,
    - State Outcome Budget Schedule, and
    - Service Agreement Data Supplement documents.

NSW Health receives growth funding each year from NSW Treasury, which is used to fund:

- System escalation,
- Activity growth, and
- New initiatives and election commitments

The 2022/23 Technical Budget Notes, accompanying the 2022/23 Service Agreements, contain further details on expenditure and own source revenue escalations.

3.2.1 Initial budget guidance

For LHDs/SHNs, the State Outcome Budget Schedule (Part 1 and 2) of the annual Service Agreement advises the initial expenditure and revenue budgets (inclusive of Government Grants). No other variations to revenue or expense budgets are permitted. For PHEs, expenditure, revenue, and budgets are advised in the Budget Schedule of the Service (or Performance) Level Agreement.

In preparing an annual budget, PHEs should ensure appropriate consideration to balance sheet movements, such as:

- Salary and Wages accrual
- Accumulated Depreciation
- Loan repayments, as per schedules
- Lease Liabilities, as per schedules
- PPP Liabilities, as per schedules
- Prepayments, long term only and as per schedules
- Income in Advance, long term only and as per schedules
- Any other relevant working capital movements

Only Salary and Wages accrual and Accumulated Depreciation budgets are annualised. Budget for General Fund Cash at Bank should reflect zero cash buffer only and have no net movement.

3.2.2 Budget variations

The initial expense and revenue budgets are subject to variation only through supplementations or other directives approved by the Ministry of Health or through line-item adjustments initiated by reporting entities. Should the PHE have formal Ministry of Health approval for a budget variation which has not yet been transacted in the BTS then an outstanding supplementation is permitted to be entered by the PHE into the BTS. The Ministry of Health will review the outstanding supplementations monthly for appropriateness and request the PHE to remove any unapproved supplementations accordingly.

Once the budget variation is formally processed by the Ministry of Health in the BTS, the outstanding supplementation must be reversed. Under no circumstances should an outstanding supplementation which increases or decreases the approved 2022/23 budget be entered into the BTS without formal Ministry of Health approval. All outstanding supplementations are required to balance to zero by total or be removed from BTS on 30 June of each year.

Subsequent balance sheet movements will be assessed by the Ministry's Funds Management & Reporting Systems Team as required, for example:

Asset	Assessment Details
Cash at Bank	Only for cash buffer adjustments.
Debtors	Will be reviewed at the end of the financial year. Any approved budget movements will be reversed the following year.
Inventories	Budget may be provided where the Ministry has approved the increase in inventory holdings.
Prepayments	Long term (> 1 year) prepayments need to be provided as a schedule and included as part of the forward estimates. Material movements between financial years may receive budget, with the budget reversed in the following year.

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Asset	Assessment Details
Accumulated Depreciation	Will be reviewed during the year by the Ministry's Financial Accounting Team.
Capital Programs	Will be reviewed during the year by the Ministry's Treasury & Capital Reporting Team.
Assets - Lease	For new leases, a budget will be provided at the end of each quarter.

3.2.3 Budget administration

Budgets and forecasts must be recorded in SMRS within cost centres using relevant account codes. Budgets and forecasts are to be phased across months in the year to show expected financial trends. The appropriateness of budget phasing will be monitored through the Monthly Performance Narratives and discussed during NSW Health Performance Framework meetings with PHEs.

PHEs should ensure that intra-health monthly budgets are in line with the 2022/23 IntraHealth budget schedules distributed by the Ministry. Expenditure and revenue budgets are each consolidated across the state and reported at the state level. Therefore, PHEs must ensure line-item transfers remain within gross expense and revenue limits and changes between budget expense and revenue cash classes do not occur without prior written approval from the Ministry of Health.

Intra-health changes to budgets must follow the same rules for actual intra-health transactions using the one-for-one mapping or same account with the other party to the change. Intra-health charges and revenues must be eliminated on consolidation across NSW Health; therefore, it is required that any changes are reflected in the budgets of both parties to the change.

3.2.4 Forecasting

As outlined in **Table 2.0**, **Table 6.0** and **Table 8.0**, PHEs must review their monthly financial results and provide considered forecasts (expenditure, own source revenue and balance sheet) at an appropriate fund entity or cost centre level. This ensures true transparency and accountability for managers. This disaggregated monthly review will ensure appropriate insights are gained to complete the Monthly Performance Narrative (see section **3.7.1.1 Monthly Performance Narratives**). It is expected that budgets and forecasts reflect cyclical trends with respect to the delivery of most health programs.

In line with **Table 2.0**, PHEs are required to submit and certify the full year FY23 forecast at the end of March 2023 for purposes of NSW Treasury reporting.

This requirement is to ensure that an appropriate level of governance is operating at the PHE to minimise any forecast variances at the end of the financial year. The submission will ensure any variances are appropriately managed prior to the end of the financial year. The FY23 forecasts are provided to NSW Treasury and are subject to scrutiny. Any revisions may be necessary as notified by Ministry of Health.

Forecasts should be completed based on the 'Minimum Entry Level' account mapping as established within SMRS.

3.2.5 Efficiency improvement plans

As outlined in **Table 6.0**, PHEs, in partnership with the Program Management Office and Ministry of Health Finance, are required to develop efficiency improvement plans ('EIPs'). These plans are to ensure they meet their annual cost savings target, which is communicated by the Ministry on an annual basis.

This plan represents the value of all saving measures required to deliver all service requirements. This should account for:

- Any underlying deficits carried forward from 2021/22,
- Efficiency dividends,
- The impact of the marginal price,
- Any activity benefits (as per State Outcome Budget Schedule), and
- Strategic investment plans while achieving budget performance

The plan is broken down into individual strategies, each of which focuses on improvements or savings in one on one of the following three areas:

1. Productivity
2. Revenue
3. Expenses

Revenue improvement requirements are identified in the State Outcome Budget Schedule of the annual Service Agreement. Please also refer to **Table 4.0** – Annual Requirements Revenue.

Strategies to address expenses may include improved management of staff and rosters as well as direct savings from procurement and other initiatives.

These strategies are to be documented as roadmaps (EIPs) using the Rigorous Program Management ('RPM') methodology and submitted through the KEY software in the provided Excel templates. PHEs are required to monitor and report on the progress of these strategies as part of their monthly financial reporting processes, via the RPM Executive report. Further reporting is also available via the Health Status reports prepared by the Ministry.

To ensure that the PMO has complete visibility and can step in to assist, the PHEs are obligated to update these strategies in KEY if there are any financial or non-financial changes as part of their monthly reporting.

3.3 Capital

It is a Condition of Subsidy that all PHEs submit the returns and certify the requirements as per:

- **Table 3.0 Annual Requirements – Capital**
- **Table 6.0 Monthly Requirements – Monthly Performance Narratives**

All new projects or changes in scope must be reviewed and approved through the Facility Planning Process. The Ministry of Health will not approve requests which seek retrospective approvals for completed new projects or increase in scope which did not follow the Facility Planning Process. It is imperative that all new works/scope variation requests are submitted and approved by Ministry prior to the commencement of future new works or equipment purchases above $250,000. Major works are classified as projects with an estimated total cost of $250,000 or more according to NSW Treasury Circular Policy TC12-20.

3.3.1 Locally funded initiatives

Locally funded initiatives exceeding $250,000 are projects which involve the use of locally sourced PHE funds for use on capital works.

The nature of the expenditure for locally funded initiatives may include new or refurbished buildings, fit out, infrastructure or equipment to support local service delivery priorities. PHE funding sources may include bequests, donations, grants, and other Restricted Assets Funds that are held as cash at bank, or, in some cases, proceeds realised from asset sales per the Real Property Disposal Policy (PD2012_039).

3.3.2 Minor works and equipment

The minor works and equipment program is for new or replacement assets and minor refurbishments with an estimated total cost less than $250,000.

Annual health entity allocations will remain unchanged for 2022/23 whilst the Ministry's Capital and Asset Management teams undertake review of Asset Management Plans submitted by PHEs in early July.

Local contributions towards the program will remain uncapped. Requests for an increase in the use of local fund contributions should be made in writing to the Deputy Secretary Finance and Asset Management and Chief Financial Officer, NSW Health for approval and recognition in SMRS.

3.3.3 Capital investment planning

Capital investment planning meetings will be scheduled with each health entity to discuss local investment planning, forming 'Stage 0' of the NSW Health Facility Planning Process.

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As per Table 3.0, PHEs may submit capital investment proposals to the Ministry of Health to be assessed and prioritised against the three strategic alignment tests in the State-wide Investment and Prioritisation Framework. Investment proposals may then be eligible for funding consideration as part of the Ministry's 10 Year Capital Investment Strategic Plan (CISP) submitted annually to NSW in accordance with the budget process.

The Ministry's Strategic Reform and Planning Branch are available to discuss the capital investment planning process and to support the new collaborative planning approach, please email MOH-SCPU@health.nsw.gov.au.

3.3.4 Capital expenditure administration

No portion of the capital subsidy may be used for purposes other than the capital project for which the subsidy was paid. The Ministry of Health will only authorise the release of capital subsidy to a PHE where the capital expenditure is correctly coded against a capital project code and the appropriate expenditure general ledger account codes. The value of subsidy released by the Ministry will be determined using year-to-date capital expenditure recorded appropriately in SMRS and will not exceed the total capital subsidy budget available for the project over its lifetime.

Changes to the capital limit creates an opportunity to optimise the greater use of local funds (e.g. RFAs) where it can be demonstrated the PHE has sufficient cash available. Requests to use these funds should be made as per below:

Program Value	Contact
> $10,000	1. Deputy Secretary Finance and Asset Management 2. Chief Financial Officer, NSW Health
> $250,000	1. MOH-SCPU@health.nsw.gov.au 2. MOH-CapitalReporting@health.nsw.gov.au

3.4 Asset management

It is a Condition of Subsidy for PHEs that:

- Assets are maintained as per statutory requirements and as set out in policy directives and procedure manuals issued by the Minister, the Secretary, NSW Health, and the Ministry of Health.
- Local Strategic Asset Management Plans (SAMPs) and Asset Management Plans (AMPs) are submitted as outlined in **Table 5.0.**
- Other requirements are submitted as outlined in **Table 5.0.**
- On a quarterly basis, capital replacement and renewal expenditure, as a proportion of asset replacement value at 30 June 2023, is greater than or equal to 1.4%. *For further information and specific guidance refer to the SLA Key Definitions document issued.*
- On an annual basis, asset maintenance expenditure, as a proportion of asset replacement value at 30 June 2023, is greater than or equal 2.15%. *For further information and specific guidance refer to the SLA Key Definitions document issued.*
- On an annual basis, the total amount of energy use that will be avoided each year represented as a percentage of the total consumption in the baseline year (FY21/22) is at least 1.5%.[12]

To support the maintenance of assets (including leased assets), it is a Condition of Subsidy for LHDs/SHNs to continue to implement the AFM Online software system for asset maintenance in accordance with the Whole of Government Asset Management Policy TPP 19-07 implementation program being rolled out by NSW Health.

PHEs are responsible for developing, maintaining, and progressively improving their local Strategic Asset Management Plans (SAMPs) and Asset Management Plans (AMPs). SAMPs and AMPs provide input into the development of the NSW Health Cluster Agency Strategic Asset Management Plan and Asset Management Plan,

[12] Local Health Districts, Sydney Children's Hospitals Network, NSW Ambulance Service, HealthShare, NSW Health Pathology

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including information on current and future capital investment priorities, asset maintenance and asset disposals. The PHE's SAMP and AMP should identify any potential asset gaps, maintenance requirements, critical works, and asset disposals necessary to support the ongoing delivery of services in the PHE and optimising use of local funds.

The PHE's SAMPs and AMPs must be supported by robust and comprehensive service and strategic plans to support the need for capital investment to achieve service development priorities, and proposed changes in the local approach to health care. Importantly there will also be a need to develop the capital investment proposals (see 3.11.6) which should:

- Reflect the PHE's prioritisation of proposed asset investments,
- Align with the long term state-wide directions in the 20-year Health Infrastructure Strategy,
- Clearly describe the benefit of the investment and health outcomes expected, and
- Demonstrate a consideration of a range of procurement options, including non-asset solutions.

In accordance with the NSW Health Asset Management objective to 'Embed a state-wide information system that acts as the point of truth for asset information', regular updates on the progress of the AFM Online adoption strategy and Health Entity migration status will be provided to the Deputy Secretary Finance and Chief Financial Officer.

Further guidance on certain aspects of asset management is shown below:

Leases	Lease data is managed centrally via the mandated state-wide Shared Services Lease Data Hub. LHDs/SHNs must refer new leases and requests for lease data modification to the Lease Data Hub for action.
SAMPs & AMPs	The Financial Services and Asset Management Division, Health System Strategy and Planning Division and Health Infrastructure are available to provide guidance to individual PHEs in the development of the Strategic Asset Management Plans (SAMPs) and Asset Management Plans (AMPs).
Property	Real property assets which do not support core government service provisions should be disposed of and the unlocked capital put to alternate use with a priority given to maintaining, improving, and extending real property assets that are core to current or future service delivery.
Energy Efficiency Performance Metric Guidance	The purpose of inclusion of this performance metric within Table 5.0 is to help reduce stationary energy consumption to achieve cost savings and achievement of NSW State's Net Zero targets. To calculate the performance metric, the following should be applied: 1) Determine baseline energy consumption (total grid) electricity, gas, non-automotive LPG) using FY2021/22 data. Convert all figures to a single unit of measurement (watt-hours or joules). Call this Value A. ***Guidance in calculating the baseline for FY2021/22 will be provided separately by the Ministry of Health.*** 2) Determine the total annual (year one) energy savings for all projects implemented during fiscal year 2023. Convert all figures to a single unit of measurement (watt-hours or joules). Call this Value B. As an illustrative example, if a solar project was completed mid-year, an annualised assessment should be calculated at the end of the fiscal year. 3) Determine what percentage Value B is of Value A. Conversion factors necessary for determining baseline (converting to a single unit of measurement, either watt-hours or joules) can be obtained from the National Greenhouse Accounts Factors, Australian Government, Department of Industry, Science, Industry and Resources. Scope: Local Health Districts, SCHN, NSW Ambulance Service, HealthShare, NSW Health Pathology. The MoH Sustainability and Facilities Team will provide guidance and a technical document to support project implementation and reporting. Contact at MOH-sustainability@health.nsw.gov.au.

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3.5 Procurement

It is a Condition of Subsidy that PHEs comply with:

- NSW Government Procurement Policy Framework and NSW Health Procurement Policy.
- Ensuring that purchasing guidelines and procedures are in place to support implementation and use of procurement cards within their organisation.
- For PHEs only, key performance metric outlined in **Table 7.0**:
    - On a monthly basis the actual YTD procurement savings achieved ($) as a % of target YTD procurement savings ($) is equal or greater than 95%. For further information and specific guidance refer to the Service Agreement Key Definitions document.

Any breaches in compliance will need to be reported to the Ministry Strategic Procurement Branch. Additionally, PHEs are required to comply with any of the Directives issued by the Treasurer or NSW Treasury or the Secretary of Health or NSW Health.

3.5.1 Procurement Cards (PCards)

Treasury Circular TC21-01 mandates that PCards must be adopted, where viable, for transactions up to $10,000 where payments are low value, ad hoc or irregular in nature. The current relevant Directives are:

1. Treasury Circular TC21-01 NSW Payments Digital Reform – Digital Payment Adoption
2. Treasury Policy & Guideline TPP21-02 Use and Management of NSW Govt Purchasing Cards
3. NSW Health Policy Determination PD2016_005 Application and Use of Procurement Cards (PCards) within NSW Health

Under PD2016_005, Chief Executives of PHEs are responsible for:

- Ensuring that purchasing guidelines and procedures are in place to support implementation and use of PCards within their organisation and that the guidelines and procedures are consistent with the Directive.
- Determining those roles within the organisation authorised to be issued with a PCard including that the hold appropriate delegation and undertake functions requiring the use of a PCard.
- Ensuring PCards are used according to the conditions and requirements of the Directive.
- Developing an annual audit program of PCards in accordance with Section 1.6.4 of the Directive.

In June 2022, NSW Health Secretary signed a brief for an updated PD2016_005 NSW Health Procurement Card Policy. The brief maintained indicated the policy was revised to include Virtual Cards (VCards), to future proof the document and to reflect recent machinery of Government changes to related policies. The Directive is yet to be finalised, but PHEs should ensure they are up to date with the relevant PCard (and VCard) Directives.

3.5.2 Purchase order compliance

It is a requirement that purchase orders be used for the procurement of specific general goods and services. Compliance with this requirement is monitored by HealthShare NSW and reported monthly for defined services categories.

Where non purchase order invoices are unavoidable, PHEs must utilise HealthShare's invoice scanning system to load and reroute the invoice in Stafflink to gain the appropriate PHE approvals as per the PHEs delegation manual.

HealthShare may charge PHEs an additional fee per invoice for non purchase order invoices requiring manual processing. Purchase orders are not to be raised against other NSW Health entities, as all inter-entity charges are to be managed via the AGIS system.

Official travel must be undertaken in accordance with Policy Directive PD2016_010 Official Travel. Expenses should only be coded to 197100 TESL Overseas Travel and 197200 Non TESL Travel. All travel must be booked in accordance with the directions provided by Buy NSW which requires the use of government travel services providers.

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3.6 Cash, banking, and liquidity management

It is a Condition of Subsidy that PHEs must ensure:

- Submissions are lodged as per **Table 7.0 Monthly Requirements – Balance Sheet Reporting.**
- PHEs are no longer permitted to pay creditors (including direct debit arrangements) from a local bank account. All creditor payments are to be made from the Central Creditors account managed by the HealthShare Shared Services team.
- PHEs authorise the Ministry of Health to request any information with respect to funds held in the name of the PHE for any banking institution they hold funds with, including any financial facilities.
- All requests for new banking and payment facilities are approved via the delegated approvers as per the Combined Delegations Manual – in particular Miscellaneous *'13.2 Operating Banking Accounts and Transactional Banking Services*'.
- All financial arrangements as defined under the *Government Sector Finance Act 2018* must be approved via the Combined Delegations Manual – in particular Finance *'7.32 Entering into Financial Arrangements under the Government Sector Finance Act*' relating to a borrowing, an investment, or a derivative arrangement.

3.6.1 Cash sweeps and cash buffer

In consultation with the PHEs, the Ministry will regularly sweep excess cash from locally held general fund bank accounts. This transfer will be treated as a reduction in recurrent subsidy received and thereby increase the PHEs remaining subsidy available. To ensure accurate cash sweeps and disbursements by the Ministry, PHEs must input accurate cash forecasts and projections into the State-wide Cash Forecasting Tool daily and monthly.

As part of the Ministry's Cash Transformation Program, cash buffers related to the General Fund designated bank accounts will be adjusted to nil for all PHEs, effective 1 July 2022. Funds must be transferred between general fund bank accounts and other fund type bank accounts promptly after receipt and at least two days prior to each Ministry cash sweep. See **Section 3.6.4** 'Restricted Financial Assets and Custodial Funds' for further information.

3.6.2 Aged debtors

As outlined in Section 2, it is a Condition of Subsidy that:

- The debtor balance greater than 60 days as a percentage of total debtors is less than 5 per cent. Recovery of outstanding patient fees must be actioned at 30, 45, and 60 days, using reminder letters and final notices for recovery.
- Strategies must be put in place to minimise doubtful and bad debts, including adherence to the MoH's policy on securing fees for service and the reporting of debtors' written off to the PHE's Finance and Performance Committee each quarter.

Directors of Finance are responsible for implementing payment processes to support debt recovery and further reduce transaction processing time.

3.6.3 Aged creditors

Under guidance from NSW Treasury and in line with the NSW Payments Digital Reform Program, all NSW supplier invoices are to be immediately paid where goods have been receipted and purchase orders matched, irrespective of current contracted payment terms.

In addition to the above guidance, as per the Small Business Commissioner's 'Faster Payment Terms Policy' (FPT), registered small business creditors must be paid within five days unless an existing contract or standing offer provides for an alternative time period.

All creditors must be paid from the central bank account held by the HealthShare Shared Services entity. PHEs are not permitted to make creditor payments directly from their own bank account. As required by **Table 7.0**, PHEs must ensure no direct debits are made from their bank accounts. All outgoing payments (including capital related invoices) will be processed and paid daily from HealthShare's central bank accounts for creditors.

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As payroll and creditors are paid, these amounts will be treated as a use of recurrent subsidy, reducing the PHEs remaining subsidy available. The value of the capital creditor payments will be recovered from PHE's recurrent subsidy for the month in arrears.

3.6.4 Restricted financial assets and custodial trust funds

It is a Condition of Subsidy that:

- PHEs are to ensure that designated restricted funds are held and used in accordance with the specified purpose and period.
- Cash that has been identified as a RFA has been received in the bank account prior to any expenditure of the related cost centre (i.e., not sitting as a receivable). This is verified through the Milestone Report/Certification by ensuring there are no overdrawn cost centres.
- Balance scorecards for RFAs and CTFs are completed and reviewed monthly.
- PHEs meet the benchmarks outlined in the scorecards.

PHEs should specifically contact the Ministry of Health RFA team at RestrictedFinancialAssets@health.nsw.gov.au for any specific guidance or assistance. The RFA team can also provide a copy of the guidance titled 'A Guide to Restricted Financial Assets and Custodial Trust Funds' upon request. PHEs must ensure that effective processes are implemented to monitor and maintain relevant cost centres within eCTRA and identify alternative uses should it become unlikely that remaining funds can be expended on activities related to its initial purpose.

Nominated Business Unit entities (specifically, NSW Health Pathology, HealthShare and eHealth) incorporate a charge for capital assets in their pricing methodologies as part of their business model. This capital charge applies to all customers (including LHDs/SHNs, all NSW Health entities and other organisations external to NSW Health). In such cases, they are to establish and maintain designated RFA Fund for the purpose of accumulating such component charges annually, as a source of funds for future capital purchases.

Any funds accumulated in this RFA bank account must reconcile to the charging methodology, as well as the relevant billing records. Additionally, the Business Units must provide for a forward (three year) capital budget forecast that aligns with estimated use of locally funded initiative capital programs.

The Deputy Secretary Finance and Asset Management and Chief Financial Officer, NSW Health may approve the establishment of a Restricted Financial Assets Fund by a PHE for a specified purpose other than those detailed above. Any request for such funds to be established, must be fully approved prior to any action to establish the fund in eCTRA and before any funds are transferred to a RFA bank account. Where this occurs, PHEs are to ensure that the designated funds are held in accordance with the purpose and period of time specified by the Deputy Secretary Financial Services and Asset Management and Chief Financial Officer, NSW Health.

3.6.5 Capital funds

Capital subsidy drawdowns will not result in a physical transfer of cash but will result in the recognition of capital subsidy and a reduction in recurrent subsidy received (increasing the PHE's remaining recurrent subsidy available).

Where the capital funding has been utilised either from an RFA or an external source, PHEs must ensure that these proceeds are transferred to the general fund bank account and will form part of the excess buffer sweep noted above and treated as a reduction in recurrent subsidy received.

3.6.6 Administration

PHEs are required to refer all requests related to operating bank accounts and payment facilities including opening and closing accounts, signatory, Corporate Online administrator changes, or new or changed payment facilities to the central banking function for approval, submission, and liaison with the Contract Banking providers. This must be requested to MOH-Banking@health.nsw.gov.au.

PHEs must authorise NSW Treasury Corporation to make available to the Ministry of Health any information with respect to funds held in the name of, or provided to, the PHE for any purpose. This includes any transactional data, or financial arrangements, and funds held in the name of the PHE in any banking institute. All Health

entities must note that Treasury has approved only the Ministry to enter into investments. Therefore, all requests to invest must be made via the Ministry.

To facilitate the automation of forecasting, actual cash, and variance reporting, PHEs are required to utilise the StaffLink Cash Management Module when reconciling their Cash at Bank. Reporting of all reconciled balances for cash at bank will be required to ensure monitoring in compliance with NSW Treasury cash balance reporting. This includes 'restricted' and 'unrestricted' funds.

All bank accounts, financial accommodation and banking facilities held by PHEs must be categorised in line with NSW Treasury requirements, and in compliance with the *Government Sector Finance Act 2018.*

3.7 Other financial reporting guidance

It is a Condition of Subsidy that all PHEs submit the returns and certify the requirements as per:

- Table 6.0 **Monthly Requirements – Monthly Reporting**
- Table 7.0 **Monthly Requirements – Balance Sheet Reporting**

Explanatory guidance is included within this section to meet these requirements. Additionally, whilst this document discusses the actionable responsibilities and obligations of the PHEs (submissions, and KPIs), there is a list of obligations that outline the review/control responsibility that the CE of each PHE has in the Monthly Milestone Report (see section **3.7.1.2 Milestone Report** of this document for further details).

3.7.1 Monthly performance narratives and milestone report

PHEs are required to submit their monthly results in the form of a Milestone Report and a Monthly Performance Narrative report. These reports have a focus on financial metrics but do include some operational metrics as well where relevant to provide further context on the financial performance of the business.

3.7.1.1 Monthly Performance Narratives

The Monthly Performance Narrative is the PHE's management report detailing the financial performance of the PHE. The narrative report focuses on key 'controllable' areas of the business, primarily split by whether it is own source revenue or direct expenditure.

PHEs are to explain the variances to budget on a monthly and year to date basis and include commentary where there are significant variances. See **Appendix D** for example of a monthly Performance Narrative. As outlined in **Table 6.0** and as outlined in the annual SLA, it is a Condition of Subsidy that:

- The variance percentage of Actuals versus Budget – General Fund for Expenditure, Own Source Revenue and Net Cost of Service (NCOS) should be on budget or favourable to be considered Performing.

  For further information refer to the Service Agreement document.

The monthly **Capital Narrative** is the PHE's management report detailing the performance of the PHE's Capital Program. The report focuses on year-to-date actual capital spend against year-to-date budget and forecast. If there are variances to budget that are greater than 5 per cent, then commentary is required to explain each variance. See **Appendix E** for example of a monthly Capital Narrative.

3.7.1.2 Milestone Report

Each PHE is required to complete and certify a monthly checklist known as the 'Milestone Report*'* via Financial Task Manager. The Milestone Report acts as a monthly **checklist of required tasks** AND a ***management certification*** by the CE and/or DoF to ensure certain policy requirements and accountabilities are complied with and met. Refer to **Appendix A**, which contains an extract of the management certification requirements. This is expected to be updated and included within *Financial Task Manager* for FY23 or communicated separately.

This is to ensure:

- Compliance with relevant NSW Health policy requirements, including but not limited to this Conditions of Subsidy policy document,
- Consistency in reporting across each of the PHEs,

- Accountabilities are clearly distinguished between the Health Entities and NSW MoH, and
- Certain representations are made by those charged with governance, such as the CE and DoF.

The Milestone Report enables real-time monitoring of financial reporting and statutory compliance of each PHE. The Milestone Report has been enhanced for FY23 to ensure certain mandatory requirements and accountabilities within the Conditions of Subsidy document are complied with.

3.7.2 Sources of revenue

3.7.2.1 Government Grants

PHEs are funded using the following equation, based on full year initial budgets:

Funding = Expenditure – Own Source Revenue ± Balance Sheet Movement

These grants are paid weekly and monthly. All subsidy support paid as Government Grants must be receipted to accounts A425010 (Recurrent) and A425050 (Capital). This includes the following categories:

National Health Funding Pool	Funds relate to the Activity Based Funding (ABF) activity undertaken by PHEs included in the annual Service Agreements.
State Managed Fund	Funds relate to in-year block funding to the PHE defined in the *National Health Reform Agreement*, subject to review and consensus between NSW as the State Manager and the Commonwealth, as per the Service Agreement.
Ministry of Health – State Pool	Funds relate to all other services provided by the PHE, as per the Service Agreement.

3.7.2.2 Own sources of revenue

Own source of revenue largely comprises private and compensable patient fees. It is a Condition of Subsidy that:

- The annual and monthly reporting requirements outlined in **Table 4.0** and **Table 9.0** are complied with.
- The responsibility of Chief Executive is to ensure that billing practices comply with the laws, policies and other requirements of the NSW and Commonwealth Governments.
- Receipts of all activities of PHE subject to the provisions of the Accounts and Audit Determination are to be accounted for through the General Fund unless scheduled as Restricted Financial Assets Fund.
- PHEs make no payments to visiting medical officers or staff specialists in breach of section 19(2) of the *Health Insurance Act 1973*.
- Directors of Finance ensure the LHD/SHN provides a suitable representative to all state-wide Revenue groups and meetings.

LHDs/SHNs are strongly encouraged to fully utilise the tools developed and supported by the Ministry of Health to maximise own source revenue, including the Revenue Portal and Revenue SharePoint site.

The payment of revenues, such as DVA, MVA, RAS and TACP, will continue to be a non-cash payment to the PHE. The revenue will be recognised in the PHE's accounts with a reduction in recurrent subsidy received (increasing the PHE remaining subsidy available).

Directors of Finance are responsible for ensuring that, upon written request from the Ministry of Health Director, Revenue and Insurance, nominated Ministry of Health staff are granted full access to patient billing systems for the purpose of developing and supporting state-wide tools and assisting PHE staff to resolve billing, data and health fund issues arising from time-to-time. Although comprehensive access is required, Ministry of Health staff with access will not be permitted to edit, correct or in any way change any aspect of the system or its data.

3.7.3 Taxation and superannuation

The Ministry of Health provides PHEs with policy directives, tax law interpretation and technical support for all taxation and superannuation issues. The Ministry of Health also provides guidance on management of risk. The Ministry of Health has overarching responsibility to manage taxation and superannuation risk for NSW Health.

PHEs have further specific requirements and obligations as part of the monthly Conditions of Subsidy certification. Training manuals and other supporting materials can be found on the NSW Health intranet site.

3.7.4 Leave entitlement & allocated days off (ADOs)

It is a Condition of Subsidy that:

- PHEs communicate the monetary value of annual leave strategies (agreed with the Ministry of Health's Workforce and Planning Branch) to the Ministry of Health's Finance Branch.
- ADO expense as a percentage of total salaries expense does not increase more than five per cent monthly.
- Number of employees with greater than three days of ADOs does not increase more than five per cent monthly.
- Where the average ADO balance as of 30 June 2022 is greater than three days, the average ADO balance of the employees should show a reduction of at least ten per cent by 31 December 2022.

Measures must be put in place to continuously reduce excess leave and ADO balances in order to ensure compliance with NSW Government Policy, the *Annual Holiday Act 1944* and the *Industrial Relations Act 1996*.

Excessive leave entitlements adversely impact the organisation because these are paid at the rate of pay when the leave is taken or paid out, not the time at which it was accrued. It can also have adverse effects on employee wellbeing and productivity.

NSW Treasury, as part of TC15-01 Cash Management – Expanding the Scope of the Treasury Banking System, has communicated a readiness to provide cash support for reductions in annual leave provisions in approved circumstances.

In completing the requirements relevant to the EIP as outlined in **Section 3.2.5**, please ensure you submit any annual leave strategies which are relevant and applicable to your PHE. Submission should be included as part of the overall EIP.

3.7.5 On-costs and administrative charges

PHEs may recoup on-costs related to the secondment of staff at the rate of 19.5 per cent of the actual employee related cost. This rate has been determined on the following basis:

- Annual leave expense at the rate of 7.7 per cent
- Superannuation at the rate of 10.5 per cent
- Workers Compensation at the rate of 1.3 per cent

Long service leave expense is not to be recovered as it is funded by the Crown finance entity.

PHEs may levy an administrative charge to recover costs associated with:

- The support of projects and programs funded by the Ministry of Health,
- The management of Restricted Financial Assets, and
- The recouping of seconded employee costs and on-costs.

PHEs are to ensure that the overhead charge is commensurate with the marginal cost of providing the support and is determined in a transparent manner (based upon an estimate of actual effort required). It is also a Condition of Subsidy that:

- The overhead charge applied to RFA is transferred as an expense offset to the General Fund.
- The maximum rate to be applied to recoup overheads is 7.5 per cent.

3.7.6 Compliance with laws, regulations and applicable NSW Treasury circulars and directives

It is a Condition of Subsidy that all Health entities are required to comply with the requirements of relevant laws and regulations and with applicable NSW Treasury Circulars and Directives.

The Health Secretary, as the Accountable Authority of all NSW Health entities, has overarching responsibility to ensure compliance and therefore requires Health Entities to provide sufficient information, as determined from time to time, to fulfill this responsibility. Health Entities are required to submit annual registers (including NIL returns) containing details of all Act of Grace payments and Gifts of government property.

NSW GOVERNMENT | Health

Appendix A – Management Certification Illustrative Example

For FY23, it is expected these will be included within *Financial Task Manager or communicated separately.*

Frequency		Milestone	Yes	No	N/A	Comments - include details of reported issues
We confirm the following representations (numbered below) to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:						
3.1 Statutory reporting and audit compliance						
Monthly	**MTH.1**	The PHE we are responsible for complies with the requirements of the Accounts and Audit Determination and the Accounting Manual for Public Health Organisations.				
Monthly	**MTH.2**	An accurate revenue contracts register is centrally maintained, and that revenue is recognised appropriately in line with AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities.				
Monthly	**MTH.3**	There is appropriate and responsible delegations, and appropriate management controls throughout the PHE.				
Monthly	**MTH.4**	There are no negative reserves or provisions in any financial reserve accounts.				
Monthly	**MTH.5**	Information presented to Boards is consistent with the financial information held in SMRS / Corporate Analytics and the financial performance reported to the Ministry of Health.				
Monthly	**MTH.6**	No payments to visiting medical officers or staff specialists in breach of section 19(2) of the Health Insurance Act 1973 have been made.				
Monthly	**MTH.7**	Billing practices comply with the laws, policies and other requirements of the NSW and Commonwealth Governments.				
Monthly	**MTH.8**	The Clinician Billing Portal has been made available to staff specialists and visiting medical officers.				
APRIL ONLY	**ANNL.1**	Asset revaluations have been undertaken for purposes of our early close financial statements (as required by TPP20-01 Agency Guidelines Mandatory Early Close).				
YEAR END ONLY	**ANNL.2**	Leases have been reviewed for impairment and any required impairments have been communicated to the MoH Accounting team.				
YEAR END ONLY	**ANNL.3**	An annual assessment of controlled entities and joint arrangements in accordance with MoH guidelines has been undertaken.				
YEAR END ONLY	**ANNL.4**	The financial statements of the entity we are responsible for are fairly presented in accordance with NSW Health's accounting policies and give a true and fair view, in all material respects, of the financial position and performance of the entity we are responsible for.				

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Frequency		Milestone	Yes	No	N/A	Comments - include details of reported issues
YEAR END ONLY	**ANNL.5**	Assets held for sale are correctly accounted for and have been notified to the MoH accounting team as required.				
YEAR END ONLY	**ANNL.6**	All matters or occurrences that have come to our attention up to the date of signing this declaration which may materially affect our financial figures or disclosures reported in our annual financial statements, or which are likely to materially affect the future have been reported to the MOH.				
ANNUAL	**ANNL.7**	District and Network Returns are submitted to the Ministry of Health for input into the State Price determination and determination of applicable transitional grants.				
ANNUAL	**ANNL.8**	We have conducted, or have a plan to conduct, an internal audit of the costing and patient data.				
ANNUAL	**ANNL.9**	Annual clinical coding audits are incorporated into the PHE's internal audit programs.				
3.2 Budgeting and forecasting						
Monthly	**MTH.9**	A clear connection exists between funding and service delivery targets, consistent with the annual Service Agreement.				
Monthly	**MTH.10**	That financial authority is appropriately delegated to budget holders.				
Monthly	**MTH.11**	Budget holders operate within approved expenditure, revenue, and Net Cost of Service (NCOS) budgets as per Service Agreement KPIs.				
Monthly	**MTH.12**	Budgets and forecasts have been recorded within SMRS within cost centres, using relevant account codes.				
Monthly	**MTH.13**	Own source revenue budgets have been accurately projected and variances between budget and actual revenue are minimised.				
Monthly	**MTH.14**	Monthly financial forecasts (expenditure, own source revenue and balance sheet) have been provided at an appropriate fund entity/cost centre level, based on the 'Minimum Entry Level' account mapping.				
Monthly	**MTH.15**	New cost centres are allocated costing fractions within the ABF costing systems before any actual costs are coded to them.				
MARCH ONLY	**ANNL.10**	Forecasts of revenues and expenses submitted for the YTD position at the end of March is our best estimate of the position expected to occur at the end of June and acknowledge that this information is submitted to Treasury and could be subject to change by the Ministry of Health.				
3.4 Asset Management						
Monthly	**MTH.16**	All assets, including leased assets, are recorded in AFM Online, and asset maintenance continues to be implemented.				
3.5 Procurement						
Monthly	**MTH.17**	Compliance with the NSW Government Procurement Policy Framework and NSW Health Procurement Policy.				

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Frequency		Milestone	Yes	No	N/A	Comments - include details of reported issues
3.6 Cash, banking, and liquidity management						
Monthly	**MTH.18**	The StaffLink Cash Management Module has been utilised when reconciling our Cash at Bank.				
Monthly	**MTH.19**	Bank accounts are not operating in an overdraft position.				
Monthly	**MTH.20**	Receipts of all activities of PHEs, subject to the provisions of the Accounts and Audit Determination, have been accounted for through the General Fund unless scheduled as Restricted Financial Assets Fund.				
Monthly	**MTH.21**	That no payment of creditors or other outgoing amounts have been made from our local bank account other than those permitted under the zero buffer instructions.				
Monthly	**MTH.22**	Government Grants are recorded in the general ledger account A425010 and reconcile to the monthly Government Grant (Subsidy) Cash Payment Sheet and the local receipt of funds. Government Grants are reconciled with the Subsidy Sheet and the record of the use of funds supporting the subsidy sheet amounts.				
Monthly	**MTH.23**	Capital Subsidy payments are recorded in the General Ledger Account Number A425050 and the capital project code in which the Ministry of Health processed the payment.				
Monthly	**MTH.24**	No portion of the capital subsidy have been used for purposes other than the capital project for which the subsidy was paid.				
Monthly	**MTH.25**	Compliance with the NSW Government Financial Risk Management Policy in relation to foreign exchange risk				
3.6.2 Aged Debtors						
Monthly	**MTH.26**	Recovery of outstanding patient fees at 30 days, 45 days and 60 days has been actioned, using reminder letters and final notices for recovery.				
Monthly	**MTH.27**	Strategies are put in place to minimise doubtful and bad debts, including adherence to the Ministry of Health’s policy on securing fees for service and the reporting of debtors written off to the PHE’s Finance and Performance Committee each quarter.				
3.6.4 Restricted financial assets and custodial trust funds						
Monthly	**MTH.28**	Balance scorecards for RFAs are reviewed monthly.				
Monthly	**MTH.29**	Restricted funding is maintained in real terms (no overdrawn cash balances) and used before recurrent funds.				
Monthly	**MTH.30**	Review of dormant and overdrawn RFA cost centres on a monthly basis.				
Monthly	**MTH.31**	Designated restricted funds are held and used in accordance with the specified purpose and period.				
Monthly	**MTH.32**	Restricted Financial Asset (RFA) Fund forecasts and budgets in-year align with forecast income and expenditure held in the eCTRA system.				

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Frequency		Milestone	Yes	No	N/A	Comments - include details of reported issues
3.7 Other financial reporting guidance						
Monthly	**MTH.33**	Cost, budgeting and forecast data is reliably entered into SMRS / Corporate Analytics in a timely manner and is consistent with information presented internally to the Board or management.				
Monthly	**MTH.34**	The necessary pre-approvals to undertake any new own source initiatives during the period, were obtained.				
Monthly	**MTH.35**	Ministry of Health's eRoPP system is used by Staff Specialists to undertake their RoPP elections.				
Monthly	**MTH.36**	All intra-health charges have been reconciled and netted to nil at the end of each month.				
3.7.3 Taxation and Superannuation						
Monthly	**MTH.37**	Abided by all MoH policy directives, tax law interpretation and technical support for all taxation and superannuation issues.				
Monthly	**MTH.38**	A nominated tax representative is responsible for ensuring our PHE is compliant with the directives issued by the MoH and has attended all tax forums and training days run by the MoH.				
Monthly	**MTH.39**	The MoH is immediately advised of any new taxation risk that has been added to the Enterprise Risk Register.				
Monthly	**MTH.40**	The MoH is notified as soon as practicable of all ATO reviews and audits.				
Monthly	**MTH.41**	BAS and FBT returns are lodged accurately and on time.				
Monthly	**MTH.42**	Appropriately qualified staff (or external provider) oversee the taxation function, particularly in relation to the NSW Health Salary Packaging Policy and Procedures Manual and compliance with FBT legislation as it relates to the salary packaging function.				

____

[Insert name and sign above]
Chief Executive
Date ……/……/……

____

[Insert name and sign above]
Director of Finance
Date ……/……/……

NSW GOVERNMENT | Health

Appendix B – Monthly Milestone Checklist 2022/23

Extract of September 2022:

[INSERT NAME OF HEALTH ENTITY] Financial Reporting Milestone Report 2022								
Month	**Sep-22**							
Item	**Milestone**	**SharePoint**	**Target Date**	**Completed**	**Completed**	**Responsible**	**Revised**	**Corrective Strategy (If**
1	Final audit adjustments to Ministry for review		Week before					
2	LHDs ONLY : Financial Statements are: - Endorsed by Audit and Risk Committee - Certified by Chief Executive Non LHDs (e.g. pillars and HAC divisions) date as agreed with Audit and Ministry.		5-Sep-22					
3	On time Submission to the Ministry of Certification of Financial Statements:	https://teams.mo	5-Sep-22					
4	Submit 2021-22 Annual Prudential Compliance Statement (APCS) documents		9-Sep-22					
5	Audit Office (AO) Signs Audit Opinion for LHDs and HAC Divisions		12-Sep-22					
6	PILLARS ONLY		Latest by 16 Sep					
7	Submit to Ministry audited financial statements for publishing on NSW Health	https://teams.mo	Due date for LHDs					
8	Health entities to provide an email to		30-Sep-22					

Prepared by: [Insert name and sign above]
[Position]
Date ……/……/…….

Reviewed by: [Insert name and sign above]
Director of Finance
Date ……/……/…….

Appendix C – RFA and CTF Balance Scorecard Examples 2022/23

HEALTH ENTITY: Statewide

RFA BALANCE SHEET DASHBOARD

Account code description	Balanced sheet description	Benchmark	June 2022	January 2023	Change	Remarks
RFA CLOSING BALANCE	Net Assets				0	Available balance in ledger

RFA BALANCE SHEET METRICS			June 2022	January 2023	Remarks
Current ratio	Current Assets / Current Liabilities	>2.00			
Working capital	Current Assets - Current Liabilities	+ve			If -ve, using GF
Liquid assets	Current Assets / Total assets	>85.00%			
Cash in RFA	Cash / Net Assets	>90.00%			Cash in 'RFA available balance'
% Committed cash	Total liabilities / Total cash	<100%			Short term ability to pay liabilities with cash
Debt equity ratio	Total liabilities / Net assets	<0.5			RFA gearing

HEALTH ENTITY: Statewide

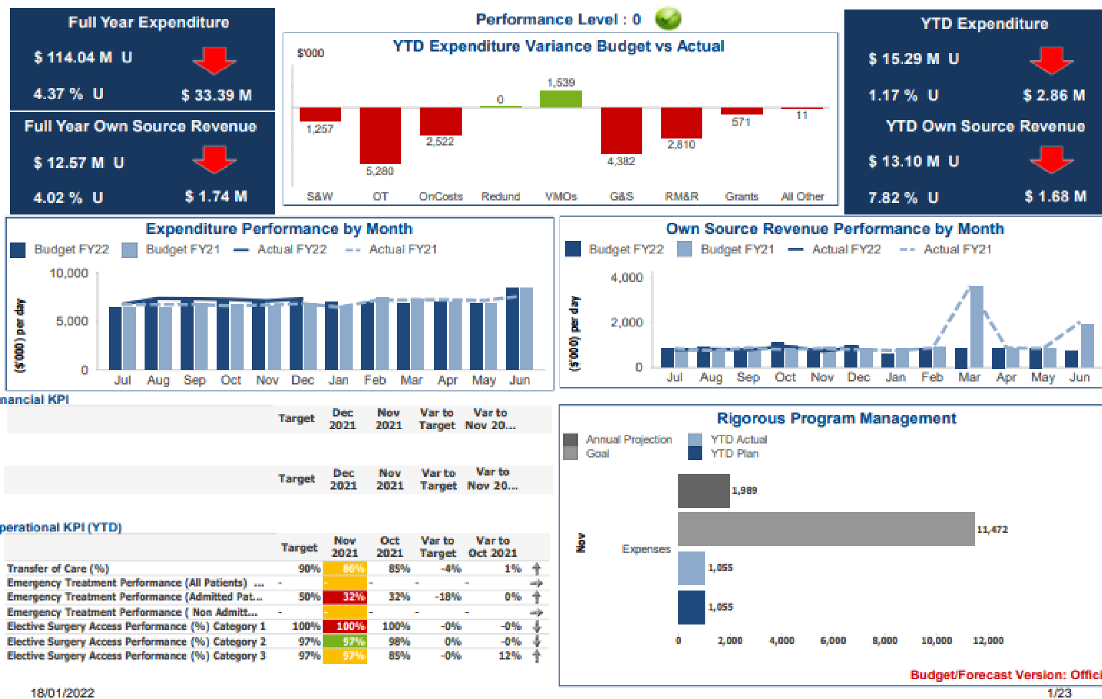
CTF BALANCE SHEET SCORECARD

Account code description	Balanced sheet description	Benchmark	June 2022	January 2023	Change	Remarks
CTF CLOSING BALANCE	Net Assets	$			0	Available balance in ledger

CTF BALANCE SHEET METRICS			June 2022	January 2023
Current ratio	Current Assets / Current Liabilities	>2.00		
Working capital	Current Assets - Current Liabilities	+ve		
Liquid assets	Current Assets / Total assets	>90.00%		
Cash in CTF	Cash / Net Assets	>90.00%		
Debt equity ratio	Total liabilities / Net assets	0		

Appendix D – Monthly Performance Narrative Example 2022/23

GF DASHBOARD



Financial KPI

	Target	Dec 2021	Nov 2021	Var to Target	Var to Nov 20...

	Target	Dec 2021	Nov 2021	Var to Target	Var to Nov 20...

Operational KPI (YTD)

	Target	Nov 2021	Oct 2021	Var to Target	Var to Oct 2021	
Transfer of Care (%)	90%	86%	85%	-4%	1%	↑
Emergency Treatment Performance (All Patients) ...	-	-	-	-	-	→
Emergency Treatment Performance (Admitted Pat...	50%	32%	32%	-18%	0%	↑
Emergency Treatment Performance (Non Admitt...	-	-	-	-	-	→
Elective Surgery Access Performance (%) Category 1	100%	100%	100%	-0%	-0%	↓
Elective Surgery Access Performance (%) Category 2	97%	97%	98%	0%	-0%	↓
Elective Surgery Access Performance (%) Category 3	97%	97%	85%	-0%	12%	↑

18/01/2022

SIGN OFF

NARRATIVE - SIGN OFF

Certification of Waiting List Data
I certify the accuracy of the waiting list data contained in WLCOS. The waiting list data has been prepared in accordance with Policy Directive PD2012_011 dated 1 February 2012 "Waiting Time Elective Surgery Policy".

Certification of Australian Taxation Office - PAYG and GST Compliance Obligations
I certify that the ATO payments due for the current month have been made in accordance with ATO timeframes.

Certification Financial Result in SMRT
I certify that this Narrative is reflective of the summary and detailed information contained in SMRT and that SMRT 'Official' for the month and YTD is truly reflective of the Health Entity's YTD costs, budgeting and full year forecasts and agrees to the information provided to the Finance Committee.

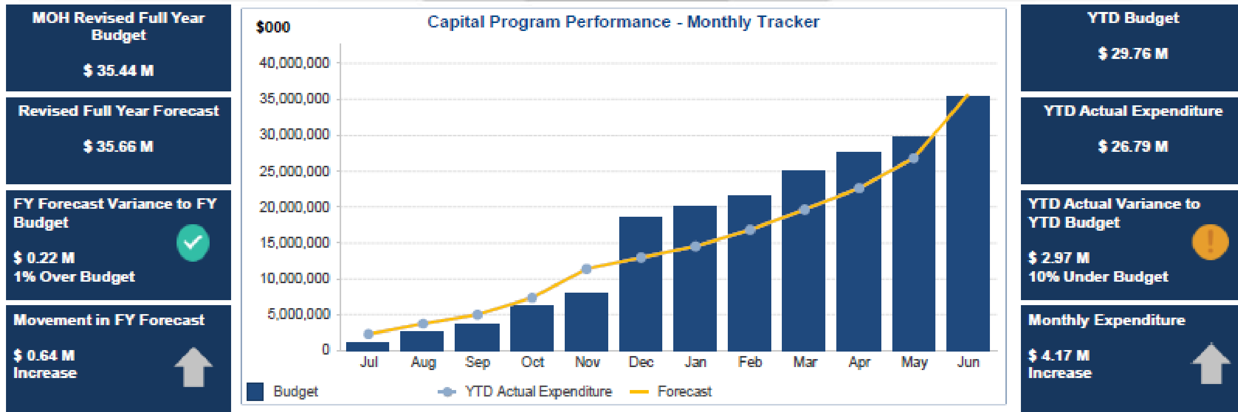
Subsidy Sign Off
I certify that Government Grants (Subsidy) recorded in the general ledger agree to the Government Grant (Subsidy) Cash Payment sheets this month and to local receipt of funds.

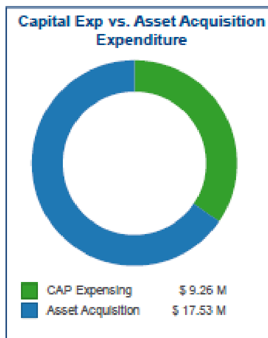
Narrative prepared : ______________________________ Date: ______________________________

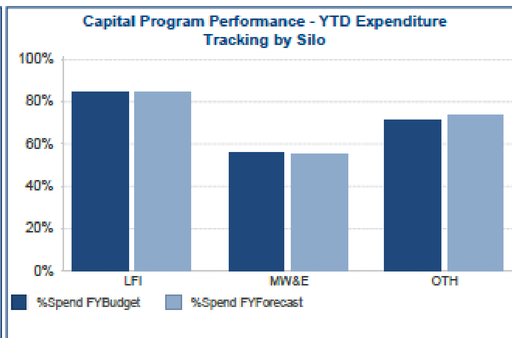
Narrative signed off : ______________________________ Date: ______________________________

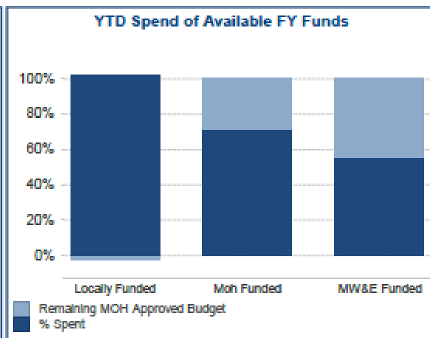
Narrative signed off . ______________________________ Date: ______________________________

Appendix E – Monthly Capital Narrative Example 2022/23









Capital Narrative – Sign off

Health Entity NSW - FY21/22 May

CAPITAL NARRATIVE – SIGN OFF

Certification of Appropriate Purchasing Approvals

I certify that all capital purchases resulting in an asset form part of a Ministry approved capital project and are coded to the appropriate "P5" capital project code and capital expenditure general ledger account codes.

Certification Capital Data in SMRT

I certify that this Capital Narrative is reflective of the summary and detailed information contained in SMRT, and that SMRT 'Official' and YTD for the month is truly reflective of the Health Entity's YTD costs, budgeting and full year forecasts. I also agree for the information in this Narrative to be provided to the Ministry of Health Finance, Risk and Performance Management Committee, Minister of Health and NSW Treasury.

Narrative Prepared:______________________________ Date:
Position:

Narrative Reviewed:______________________________ Date:
Position:

Narrative signed off:______________________________ Date:
Position: Director of Finance

Appendix F – Certification of Forecast Accuracy example

Please note this this will not be updated until March 2023 and as such the 2021-2022 example is included as an example.

Chief Executive / Director of Finance Certification of the Accuracy of 2021-22 Forecasts

I have reviewed the <*entity name*>'s 2021-22 Forecasts and certify that, to the best of my knowledge:

- These present, in all material respects, the best estimates of the financial position and financial full year performance for the year 2021-22 of < *entity name* >. Please refer to the attached guidelines when completing your full year forecast.
- All assumptions used by <*entity name*> to prepare these Forecasts are reasonable, internally consistent, based on the best available information and have been applied consistently and reflect advised budget supplementations.
- I have ensured that there is an effective system of internal control over the financial and related operations of < *entity name* >.
- The statements made above are based on a sound system of risk management and internal compliance with controls which are operating effectively in all material respects.

______________________________ ____________________

Signature of Director of Finance Date

______________________________ ____________________

Signature of Chief Executive Date

NSW GOVERNMENT | Health

Appendix G – Budget Notice Template 2022/23

Insert LHD Logo here

xxx District/Hospital

2022-2023 BUDGET ALLOCATION

The following information is provided in respect to the budget and activity requirements for the financial year 2022-2023. The budget represents the initial allocation and may be subject to change as the year progresses.

INITIAL BUDGET ALLOCATION FINANCIAL YEAR 2022-2023

	('000)
Keeping people healthy through prevention and health promotion People can access care in out of hospital settings to manage their health and wellbeing People receive timely emergency care People receive high-quality, safe care in our hospitals Our people and systems are continuously improving to deliver the best health outcomes and experiences	$0
Provision for Specific Initiatives	$0
Restricted Financial Asset Expenses	$0
Depreciation (General Funds only)	$0
Total Expenses	**$0**
Revenue	$0
Net Result	**$0**
State Price	$0

ACTIVITY TARGETS 2022-2023

	Target Volume (NWAU22)
Acute	0
Drug & Alcohol	0
ED	0
Mental Health	0
Non Admitted Patients	0
Sub-Acute Services - Admitted	0
Total	**0**

FTE BUDGET 2022-2023	

This schedule represents the NSW Treasury's transition to Outcome Budgeting (TPP 18-09) and aligns to the *NSW Health Outcome and Business Plan 2022-23*. The NSW Treasury Outcome Budgeting initiative intends to transform the way budget decisions are made, and resources are managed in the NSW public sector. The initiative aims to shift the focus of the NSW Government to deliver better outcomes for the people of NSW (TPP 18-09).

As this transition will take place across several years, figures listed in this schedule are currently unable to accurately be carried through from LHD/SHN budgets to each facility. Some facility figures will therefore be consolidated at a LHD/SHN level with investment allocation managed locally.

Figures included in this schedule do not include 2022-2023 stimulus funding in response to the COVID-19 pandemic.

Health

Appendix H – Expense Budget Template 2022/23

Local Health District/Network XX XX XX	Expense Budget[1] Service Agreement State Outcomes Budget Schedule issued June 2022			
	2022/23 Annualised Budget ($'000)	2022/23 Initial Budget ($'000)	Growth ($'000)	Growth (%)
Local Health District/Network *Enter name of facility in alphabetical order*				
TOTAL[2]				

[1] *Expenses are inclusive of escalation, cost efficiency & increased activity for hospital admitted and non-admitted services.*

[2] *The total Expense Budget amounts to be included are as per State Outcomes Budget Schedule*