
Greater Southern Area Health Service

AUDIT OPINION

The audit of the Service's financial report for the six-month period ended 30 June 2005 resulted in an unqualified Independent Audit Report.

HEALTH RESTRUCTURE

On 27 July 2004 the Minister for Health announced changes to the health system, including a statewide restructure of health administration. The restructure took effect from 1 January 2005.

The Greater Murray Area Health Service merged with Southern Area Health Service to create the Greater Southern Area Health Service.

PERFORMANCE ISSUES

(Comparative performance data on all Area Health Services appears in the 'Health Overview' section earlier in this Volume.)

The average length of stay in acute hospitals in the Greater Southern Area was 3.1 days. This is the second lowest in the State.

The Area's bed occupancy rate was 75.9 per cent. This is the second lowest in the State and comparable to the rates of the former Greater Murray and Southern Area Health Services.

The Department has directed that Areas should not have any creditors (excluding amounts owing to visiting medical officers, government agencies and contracted patient services) over 45 days. The Service did not meet this requirement. During the year the Department provided repayable advances of \$10.0 million to help the Area address its liquidity. Nevertheless the total level of these creditors at 30 June 2005 was \$7.5 million. The Department told us that the Service's financial performance would be monitored and subject to ongoing assessment.

The Service met or exceeded the Department's benchmarks for timeliness in treating emergency patients in four of the five triage categories.

The Service's access block was 14 per cent. This was the second lowest of all Health Services.

CONTROL ISSUES

Last year we reported difficulties that the former Greater Murray Area Health Service had in preparing its program statement. The program statement submitted for audit by the new Area was again prepared using incorrect information pertaining to the former Greater Murray Area. The program statement was subsequently amended.

We also noted that some of the Service's Special Purpose and Trust Funds were overdrawn. We understand that the Service has taken action to reduce the amount overdrawn. Other less significant items have been discussed with Service officers and included in our management letter.

Cross Border Agreement

Effective from 1 July 2003, the Service and Victoria's Wodonga Regional Health Service (WRHS) integrated hospital and health services between the WRHS and Albury Base Hospital. Our understanding of the agreement is that although the Greater Southern Area Health Service appears to have limited input into the management of the facility, it carries the financial risk because it is responsible for expenditure in excess of agreed budgeted amounts. The Service told us that the Department has expressed concerns over the arrangements and that these matters would be considered during a review of the cross border agreement to be conducted in or before December 2004. We understand that the review is currently underway.

Cash Flow

Cash flow difficulties are placing a significant strain on resources within the finance division and elsewhere within the Service. Considerable resources are being devoted to handling the volume of creditor enquiries due to slow payment of invoices. Some creditors have placed the Service on 'stop supply' and many practical difficulties are being encountered in acquiring critical goods and services needed for running the Health Service.

FINANCIAL INFORMATION

Abridged Statement of Financial Performance

Period ended 30 June	2005 \$'000
Employee related	175,663
Visiting medical officers	24,640
Other expenses	<u>141,842</u>
TOTAL EXPENSES	<u>342,145</u>
TOTAL REVENUE	<u>49,478</u>
Loss on disposal of non-current assets	<u>7</u>
NET COST OF SERVICES	<u>292,674</u>
Add Government Contributions	
Department of Health recurrent payments	257,166
Department of Health capital payments	5,216
Acceptance by the Crown Entity of Superannuation liability	<u>14,801</u>
Total Government Contributions	<u>277,183</u>
RESULT FOR THE PERIOD FROM ORDINARY ACTIVITIES	<u>(15,491)</u>

Abridged Statement of Financial Position

At 30 June	2005 \$'000
Current assets	27,414
Non-current assets	<u>289,470</u>
TOTAL ASSETS	<u>316,884</u>
Current liabilities	72,725
Non-current liabilities	<u>70,501</u>
TOTAL LIABILITIES	<u>143,226</u>
NET ASSETS	<u>173,658</u>

Abridged Program Information

The table below details the Service's net cost of services by program:

Period ended 30 June	2005		
	Revenues \$'000	Expenses \$'000	Net Cost of Services* \$'000
Overnight acute inpatient services	27,376	164,481	137,107
Emergency services	2,478	41,478	39,000
Rehabilitation and extended care services	11,231	47,430	36,200
Same day acute inpatient services	4,033	26,505	22,474
Primary and community based services	1,767	23,405	21,638
Other	<u>2,593</u>	<u>38,846</u>	<u>36,255</u>
Total all programs	<u>49,478</u>	<u>342,145</u>	<u>292,674</u>

*includes loss on disposal of non-current assets

SERVICE ACTIVITIES

For further information on the Service, refer to www.gsahs.nsw.gov.au.