North Coast Area Health Service

AUDIT OPINION

The audits of the Service and its controlled entity's financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

Unless otherwise stated, the following commentary relates to the consolidated entity.

KEY ISSUES

Drugs Inventory Variances

We noted that known variances in drugs inventories of approximately $130,000 at the Lismore Base Hospital Pharmacy, had not been notified to the Director-General of Health. Notification is required under Schedule 4 Appendix D of the 'Handling of Medication in NSW Public Hospitals Policy', issued in 2005. The policy requires the Director-General of Health (or the Duty Officer, Pharmaceuticals Branch) to be notified when Schedule 8 or Schedule 4 Appendix D drugs have been lost, or there is a concern of inventory misappropriation. The Service has indicated that the appropriate officers have subsequently been notified.

PERFORMANCE INFORMATION

(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 North Coast Area decreased slightly from 3.4 days in 2006 to 3.3 days. It remains amongst the lowest in the State.

The Service's bed occupancy rate increased from 78.9 per cent in 2006 to 90 per cent. The State average is 86.2 per cent.

The Service met or exceeded the Department of Health's benchmarks for timeliness in treating emergency patients in three of the five triage categories. This is a fall from the previous year when it achieved four of the five benchmarks.

The Service did not achieve its emergency admissions performance target of 80 per cent. There was a slight decrease from 80 per cent in 2006 to 78 per cent in 2007.

OTHER INFORMATION

We identified some opportunities for improvement to accounting and internal control procedures and have reported them to management.

FINANCIAL INFORMATION

Abridged Consolidated Operating Statement

Year ended 30 June	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Employee related	*471,964*	431,632	--	298,083
Personnel Services	--	--	*471,964*	133,549
Visiting medical officers	*71,453*	67,314	*71,453*	67,314
Other expenses	*300,092*	277,650	*300,092*	277,650
TOTAL EXPENSES	*843,509*	776,596	*843,509*	776,596
TOTAL REVENUE	*129,824*	116,632	*138,856*	119,095
Other losses	*939*	1,190	*939*	1,190
NET COST OF SERVICES	*714,624*	661,154	*705,592*	658,691
Add Government Contributions				
NSW Health Department recurrent allocations	*668,185*	619,560	*668,185*	619,560
NSW Health Department capital allocations	*47,002*	35,330	*47,002*	35,330
Acceptance by the Crown Entity of employee benefits	*9,032*	8,573	--	6,110
Total Government Contributions	*724,219*	663,463	*715,187*	661,000
RESULT	*9,595*	2,309	*9,595*	2,309

Employee related expenses increased due to award increases, increases in staff numbers, and an actuarial adjustment for annual leave on-costs.

Abridged Consolidated Balance Sheet

At 30 June	Consolidated and Parent	
	2007 $'000	2006 $'000
Current assets	*41,958*	49,936
Non-current assets	*602,754*	573,794
TOTAL ASSETS	*644,712*	623,730
Current liabilities	*172,149*	156,132
Non-current liabilities	*5,420*	6,449
TOTAL LIABILITIES	*177,569*	162,581
NET ASSETS	*467,143*	461,149

Abridged Consolidated Program Information

The table below details the Service's net cost of services on a program basis:

Year ended 30 June	2007			2006
	Revenues $'000	Expenses $'000	Net Cost of Services $'000	Net Cost of Services $'000
Overnight acute inpatient services	*80,718*	*411,345*	*331,378*	302,027
Same day acute inpatient services	*7,991*	*76,228*	*68,268*	57,401
Emergency services	*7,375*	*93,097*	*85,727*	73,967
Rehabilitation and extended care services	*13,583*	*63,782*	*50,321*	54,257
Primary and community based services	*13,059*	*66,833*	*53,789*	55,964
Other	*7,098*	*132,224*	*125,141*	117,538
Total all programs	*129,824*	*843,509*	*714,624*	661,154

SERVICE ACTIVITIES

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

CONTROLLED ENTITY

The following controlled entity has not been reported on separately as it is not considered material by its size or the nature of its operations to the consolidated entity.

Entity Name
North Coast Area Health Service Special Purpose Service Entity