

Media Release

AUDITOR-GENERAL'S REPORT TO PARLIAMENT VOLUME ELEVEN 2010 HEALTH

The Auditor-General, Mr Peter Achterstraat, today released his Volume Eleven Report to Parliament for 2010. The report includes comments on his financial audits of NSW Government health agencies for 2009-10.

Health Services continue to struggle to pay creditors on time (pg 24)

Although there was an improvement in creditor payments, none of the eight Area Health Services paid all their creditors within the required 45 days for eleven of the twelve months to 30 June 2010. Compounding this is the very high level of invoices (\$61.6 million) that are on hold or in dispute.

"Area Health Services need to make sure they have proper processes and procedures in place to pay creditors on time," said Mr Achterstraat.

Health Services not properly managing their critical plant and equipment (pg 23)

"For the past three years I have reported on the high level of Health's assets valued at nil that are still being used. I recommended a review of their useful lives, particularly critical plant and equipment", Mr Achterstraat said "While some progress has been made, there is still some way to go. At the end of the financial year 2010, 30 per cent of plant and equipment (\$453 million) had been fully depreciated," he added.

It is critical that the Department completes its review of medical plant and equipment so it can provide the services needed for today and prepare for the future.

Significant internal control weaknesses (pgs 23 & 159)

There are significant weaknesses in the financial processing and payroll functions provided by the Health Administration Corporation to the Areas Health Services, largely due to these entities not agreeing on who is responsible for particular controls. These internal control weaknesses have increased the risk that errors and irregularities can occur in critical financial systems such as accounts payable and payroll.

"I strongly recommend that the Department agrees with Area Health Services and the Health Administration Corporation on a sound set of internal controls with clear direction on who is responsible for each of the controls," said Mr Achterstraat.

Emergency benchmarks met (pgs 35, 36, 37, 40 & 41)

All eight Area Health Services met their emergency department benchmarks for treating immediately life threatening T1 situations. Three did not meet benchmarks for imminently life threatening T2 situations, and seven did not meet them for potentially life threatening T3 situations.

The number of patients on elective surgery lists increased from 64,512 to 66,817. However, those overdue for surgery decreased by 25 per cent, falling from 1,587 to 1,197 at 30 June 2010.

WorkCover - government advertising (pgs 49-51)

The Auditor-General had some concerns about WorkCover's 'Be Aware, Take Care' advertising campaign. The campaign was approved by a Minister instead of the Chief Executive Officer, it had no cost benefit analysis of the advertising budget and it failed to substantiate some statements in the advertisements.

"Ministers should not be making key decisions about the design and direction of government advertising campaigns. The Minister clearly did so in this case, and ran the unacceptable risk that a reasonable person could judge the campaign as serving party political interests," said Mr Achterstraat.

The 2010 Government Advertising guidelines now require a more transparent approach.

Further information

Barry Underwood, Executive Officer, on 9275 7220 or 0403 073664

NSW Department of Health and Area Health Services - Creditors

