



FINANCIAL AUDIT

21 NOVEMBER 2019

Health 2019

NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

THE ROLE OF THE AUDITOR-GENERAL

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

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

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

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

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

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

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

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In accordance with section 52B of the *Public Finance and Audit Act 1983*, I present a report titled '**Health 2019**'.

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

Margaret Crawford

Auditor-General
21 November 2019

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Health 2019

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Section one

Health 2019

This report analyses the results of our audits of the Health cluster agencies for the year ended 30 June 2019.

Executive summary

This report analyses the results of our audits of financial statements of the agencies comprising the Health cluster for the year ended 30 June 2019. The table below summarises our key observations.

1. Machinery of Government changes

Cluster changes

Machinery of Government (MoG) changes refer to how the government reorganises agency structures and functions and realigns ministerial responsibilities. The Health cluster was not impacted by the MoG changes.

2. Financial reporting

Financial reporting

The financial statements of NSW Health and its controlled entities received unqualified audit opinions before the legislative deadline.

The number of corrected and uncorrected misstatements decreased from the prior year.

Management implemented more robust processes for its oversight of complex asset revaluations in 2018–19. We found no significant errors in 2018–19.

Financial performance

Overall, NSW Health recorded an operating surplus of \$1.1 billion in 2018–19, an increase of \$699 million from 2017–18. This was the result of additional funding received for capital expenditure on the construction of new facilities, upgrades and redevelopments.

Budgeted expense for the 15 local health districts and two speciality networks increased from \$18.3 billion to \$19.4 billion in 2018–19. The 15 health entities recorded unfavourable variances between actual and budgeted expenses.

Excess annual leave

Managing excess annual leave remains a challenge for NSW Health, 36.9 per cent of the workforce have excess annual leave balances.

Recommendation: Health entities should further review their approach to managing excess annual leave in 2019–20, and:

- monitor current and projected leave balances to the end of the financial year on a monthly basis
- agree formal leave plans with employees to reduce leave balances over an acceptable timeframe
- encourage staff who perform key control functions to take at least two consecutive weeks' leave a year to mitigate fraud risks.

Overtime payments

NSW Health entities generally manage overtime well. The Ambulance Service of NSW's overtime payments of \$83.1 million (9.8 per cent of total salaries and wages), remain significantly higher than other health entities.

Recommendation: The Ambulance Service of NSW should further review the effectiveness of its rostering practices to identify strategies to reduce overtime payments.

3. Audit observations

Internal control deficiencies

We identified more internal control deficiencies in 2018–19. The number of repeat issues from prior years also remains high with more than one quarter of issues having been previously reported. More than a quarter of deficiencies related to information system controls.

Infrastructure delivery

NSW Health defines projects with a budgeted cost greater than \$50.0 million as 'major projects'. There were significant revisions to planned financial completion dates and budgeted costs of these projects. The revised total budgets for the 30 ongoing major capital projects at 30 June 2019 is \$10.2 billion, \$2.2 billion more than the original budget.

Health Infrastructure completed three major capital projects during 2018–19.

Asset maintenance

The total cost of maintaining the health entities' \$19.8 billion of assets was \$635 million for 2018–19. Health entities' approaches to setting maintenance budgets vary. Most entities are addressing their backlog maintenance, although many were not able to quantify the full extent of their backlog maintenance. Although health entities continue to use fully depreciated assets, the replacement cost of these assets is decreasing.

1. Introduction

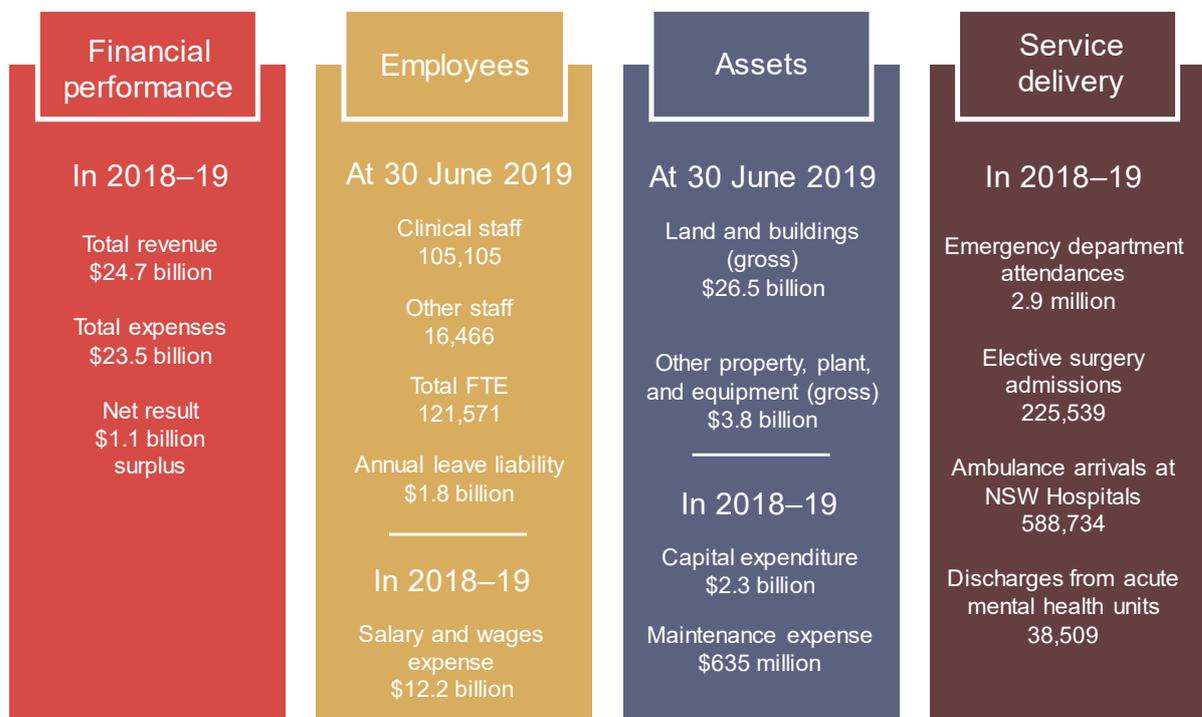
This report provides parliament and other users of the financial statements of agencies within the Health cluster with the results of our audits, our observations, analysis, conclusions and recommendations in the following areas for the year ended 30 June 2019:

- financial reporting
- audit observations.

The Health cluster was not impacted by the Machinery of Government changes on 1 July 2019.

1.1 Snapshot of the cluster

The following snapshot shows the financial positions at 30 June 2019 and the financial results for the year then ended for the Health cluster.



The 2019–20 NSW Budget Paper outlines the objectives of the Health cluster which are to protect, maintain and improve the health and wellbeing of residents in New South Wales. The cluster's key areas of focus include:

- improved service in hospitals
- mentally healthy communities
- world class research and innovation
- continuously improving healthcare.

A snapshot of the Health cluster is shown below.

Health Cluster

Works to protect, maintain and improve the health and wellbeing of the citizens of NSW.

$$\begin{array}{rcl}
 \$24,000\text{m} & + & \$2,700\text{m} & = & \$26,700\text{m} \\
 \text{Budgeted recurrent} & & \text{Budgeted capital} & & \text{Total budget} \\
 \text{expenses 2019-20} & & \text{expenditure 2019-20} & &
 \end{array}$$

The Government's budget papers set priorities for the cluster to contribute to:

Supporting a strong economy through jobs and job security

Developing well connected communities with quality local environments

Prioritising citizens, making Government work harder and be accountable

Outcomes to be delivered

Improved hospitals

Improve the treatment of patients admitted to public hospitals, emergency departments, outpatient, specialist clinics, or ambulance services.

Recurrent expenses (M)		Capital expenditure (M)		Total budget (M)
\$20,100	+	\$2,600	=	\$22,700

Healthy communities

Provide public health services, including dental, health protection and preventative health facilities.

\$1,700	+	\$74	=	\$1,774
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Mental health

Strengthen and improve health care for people with mental illness, families and carers, including access to mental health services.

\$2,100	+	\$73	=	\$2,173
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Research and innovation

Support programs that translate research into improved health care, health services medical devices and other therapies.

Continuous improvement of health care

Improve and manage health care through the Health Care Complaints Commission and the Mental Health Commission.

\$142	+	\$0.4	=	\$143
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NOTE: The budget for Research and Innovation and Continuous Improvement of Health Care are combined.
SOURCE: NSW Budget Papers 2019-20

The commentary in this report covers the following cluster entities:

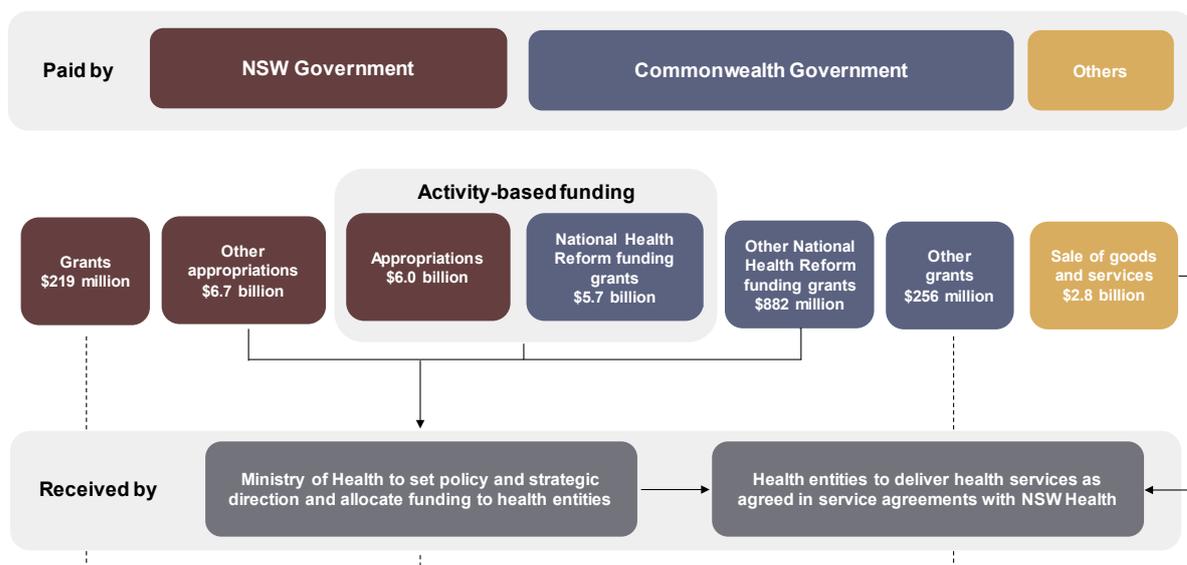
		
<h2>Ministry of Health</h2> <p>Principal department/Lead agency</p>		
<h3>Local health districts and specialty health networks</h3>		
Central Coast	Western NSW	South Eastern Sydney
Far West	Murrumbidgee	South Western Sydney
Northern NSW	Northern Sydney	Nepean Blue Mountains
Illawarra Shoalhaven	Hunter New England	Sydney Children's Hospitals Network
Mid North Coast	Western Sydney	Justice Health and Forensic Mental Health Network
Sydney	Southern NSW	
<h4>Pillar agencies</h4> <ul style="list-style-type: none"> Agency for Clinical Innovation Bureau of Health Information Cancer Institute NSW Clinical Excellence Commission Health Education and Training Institute 	<h4>Shared state-wide services</h4> <p>Health Administration Corporation, comprising the following divisions:</p> <ul style="list-style-type: none"> NSW Ambulance Health Infrastructure HealthShare NSW eHealth NSW NSW Health Pathology Health System Support Group 	<h4>Other entities</h4> <ul style="list-style-type: none"> Albury Base Hospital Albury Wodonga Health Employment Division Graythwaite Charitable Trust
		<h4>Independent agencies</h4> <ul style="list-style-type: none"> Health Care Complaints Commission Mental Health Commission of NSW NSW Health Foundation Health Professional Councils

1.2 Service agreements in NSW Health

In 2018–19, NSW Health reported revenue of \$24.7 billion (\$22.4 billion in 2017–18). The primary sources of health funding in NSW come from:

- Appropriations from NSW Treasury of \$13.3 billion (\$12.2 billion in 2017–18)
- National Health Reform funding grants from the Australian Government of \$6.7 billion (\$6.1 billion in 2017–18).

The following diagram illustrates funding sources and their flow through NSW Health.



Source: Audited financial statements of the Ministry of Health.

The Ministry of Health sets expectations for the quality and volume of health services delivered by health entities

The Ministry of Health negotiates service agreements annually with each health entity. This articulates direction, responsibility and accountability across NSW Health, and encourages delivery on the State and Premier's Priorities. The National Health Reform agreement between NSW Health and the Australian Government requires these agreements.

The key components of service agreements are:

- the mix and level of services to be delivered by the health entity
- the budget for the health entity for the year
- the performance and service delivery expectations to be met by the health entity.

Service agreements for 2019–20 were due to be signed by 31 July 2019. When a service agreement has not been signed on time, the health entity is expected to operate within the budget and performance parameters of the most recent draft.

Nine entities signed their agreements earlier this year than last year. Seventeen health entities signed their agreements on time and six health entities still signed their agreements after the due date (six in 2017–18). As at 21 October 2019, the agreement for the Sydney Children's Hospital Network was not signed. NSW Health advised that the Sydney Children's Hospital Network sought clarification from the Ministry of Health on elements of the agreement, which was provided by the Ministry of Health on 14 October 2019.

In our recent performance audit, [Governance of Local Health Districts](#), we concluded service agreements have been effective in establishing accountability, oversight and strategic guidance for LHDs. We identified the following issues relating to service agreements:

- a lack of clarity on the role for boards in the annual process of negotiating service agreements between LHDs and the Ministry of Health
- opportunities to ensure greater transparency and understanding among LHDs about how activity, pricing, and own source revenue targets are determined
- opportunities to engage further with those LHDs that provide services outside the metropolitan areas of Sydney-Newcastle-Wollongong to ensure funding formulae are appropriate
- a lack of performance measures for good governance
- opportunities to improve the level of detail in service agreements about local priorities.

We recommended that LHD boards should ensure that each board's governance and oversight of service agreements is consistent with their legislative functions. LHD boards are required to not only approve the agreement, but also confer with the chief executive of the LHD about operational performance targets and performance measures to be negotiated in the service agreement.

There are 55 KPIs and 135 improvement measures in place for health entities

The service delivery part of this report provides important contextual information about cluster operations for 2018–19. Data on activity levels and performance against key performance indicators (KPIs) is provided by the Ministry of Health. The Audit Office does not have a specific mandate to audit information about key performance indicators. Accordingly, information about performance, except for that subjected to a specific performance audit, is unaudited.

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

1.3 Service delivery

There are 55 KPIs for LHDs and speciality networks, and 135 improvement measures. The Ambulance Service of NSW has 26 distinct KPIs.

NSW Health reported fewer entities met triage and emergency department treatment time targets

To better understand the operations and objectives of emergency departments we selected one KPI and one improvement measure relevant to emergency departments. We:

- obtained data from the Ministry of Health on the level of activity and performance of emergency departments
- compared the performance of emergency departments to targets set by NSW Health
- compared the level of activity and the level of performance in 2018–19 to 2017–18
- analysed the results by emergency department to understand whether significant differences exist in the performance of emergency departments.

Emergency departments triage patients into one of five categories to ensure they receive care in clinically appropriate timeframes. The Australasian College for Emergency Medicine (ACEM) recommends triage categories, which are based on the maximum amount of time the triage nurse has determined the patient can wait for care. Treatment for patients should commence:

- immediately, if assessed as T1
- within ten minutes, if assessed as T2
- within 30 minutes, if assessed as T3
- within 60 minutes, if assessed as T4
- within two hours, if assessed as T5.

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

NSW Health also measures the percentage of patients whose clinical care in emergency departments is completed within four hours. The measure is used as an indicator of accessibility to public hospital services.

The following figure summarises the level of activity and performance NSW Health reported against the selected KPIs in 2018–19.



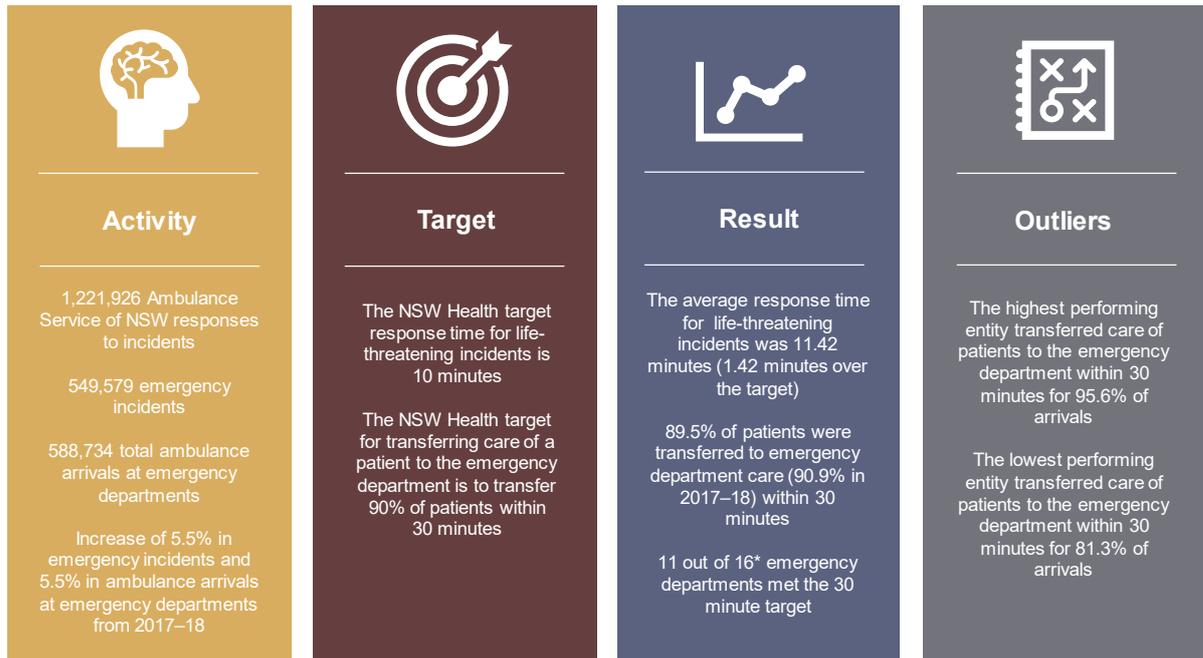
* KPIs and improvement measures regarding triage and emergency department treatment times are not applicable to Justice Health and Forensic Mental Health Network.

NSW Health reported that, for ninety per cent of emergency department arrivals, the Ambulance Service of NSW transferred patient care to emergency departments within 30 minutes

We obtained and compared data on the activity levels and performance of the Ambulance Service of NSW and emergency departments for two KPIs relating to ambulance services. NSW Health measures:

- the median ambulance response time for potentially life-threatening incidents in New South Wales. Time is recorded from when a triple zero call is recorded to when the first ambulance resource arrives. Target response times vary depending on the priority allocated to the incident
- the percentage of patients arriving by ambulance whose care is transferred from the ambulance to the emergency department within 30 minutes of the ambulance arriving at the emergency department.

The following figure summarises the level of activity and performance reported by NSW Health against these KPIs in 2018–19.



* KPIs and improvement measures for the transfer of care to emergency departments do not apply to Justice Health and the Forensic Mental Health Network.

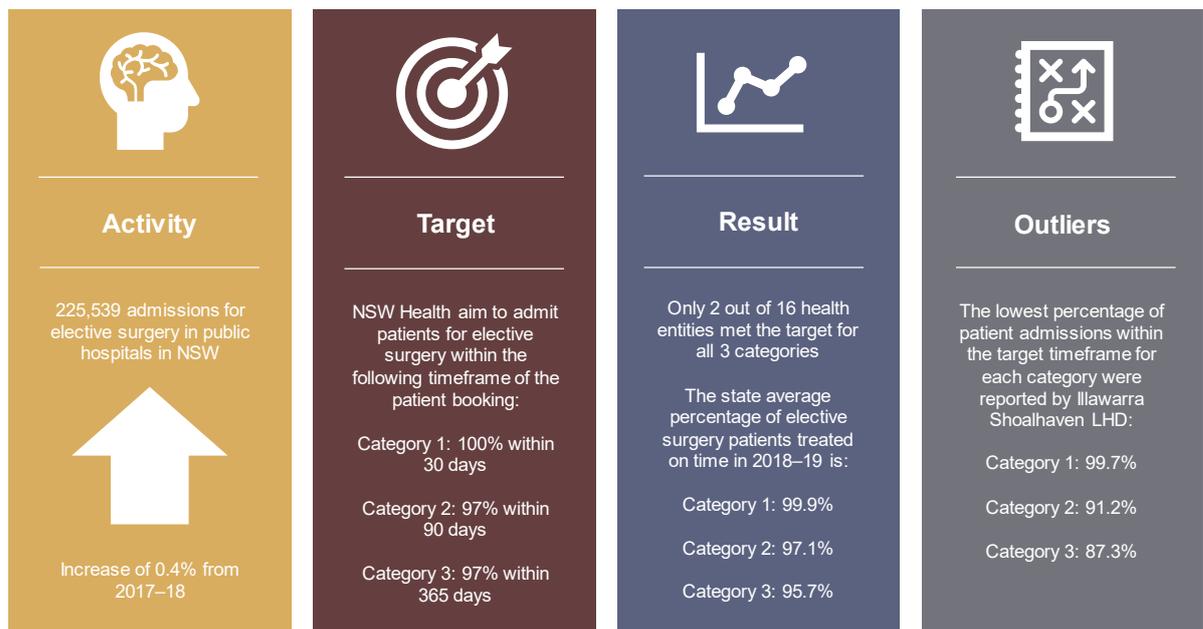
NSW Health reported 13 of the 16 health entities did not meet elective surgery targets

We obtained and compared data on the activity levels and performance of health entities for the KPI relating to elective surgery waiting times.

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

NSW Health measures the percentage of elective surgery patients who are admitted for treatment within the timeframe recommended for the priority category.

The following figure summarises the level of activity and performance NSW Health reported against this KPI in 2018–19.



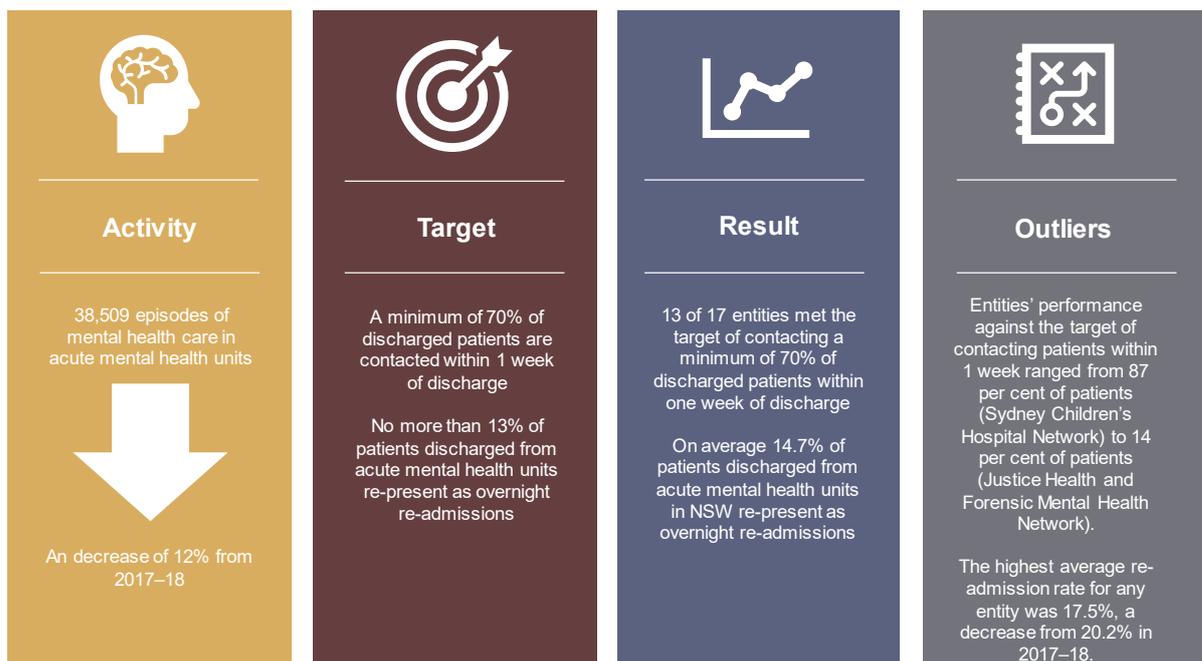
Note: Result includes St Vincent's Hospital Network. Information about elective surgery treatment times excluding St Vincent's Hospital Network was not available.

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

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

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

The following figure summarises the level of activity and performance NSW Health reported against these KPIs in 2018–19.



In our recent performance audit, Mental Health Service Planning for Aboriginal People in New South Wales, we concluded that NSW Health is not forming effective partnerships with Aboriginal communities to plan, design and deliver appropriate mental health services. There is limited evidence that NSW Health is using the knowledge and expertise of Aboriginal communities to guide how mental health care is structured and delivered.

We recommended that NSW Health research, develop and publish evidence-based models of culturally appropriate Aboriginal mental health care for use in LHDs and finalise and publish an Aboriginal mental health policy framework.

KPIs in service agreements do not separately measure the quality of community mental health services

One of the health cluster's five outcomes in the 2018–19 budget is mentally healthy communities. The outcome description notes that this includes strengthening health care for people with mental illness, their families and carers and better access to community mental health services. Of the 55 KPIs included in the 2018–19 service agreements, one covers community mental health services. The KPI does not distinguish between feedback provided from users of community mental health care facilities and patients admitted to an acute mental health care unit.

NSW Health reported 22 sentinel events in 2018–19

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

A sentinel event is an adverse event related to a public hospital admission that results in the death of, or very serious harm to a patient. Of the eight nationally agreed sentinel events health entities reported on until 30 June 2019¹, the two most common over the last four years were:

- instruments or other materials retained in the patient after surgery, requiring a further operation or surgical procedure
- the suicide of a patient in an inpatient unit.

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



¹ In December 2018 the Australian Commission on Safety and Quality in Health Care released version 2 of the Australian sentinel events list. The updated list now includes ten events (previously eight).

The 22 sentinel events can be broken into the following classifications:

Sentinel event	2019
Suicide of a patient in an inpatient unit	4
Retained instruments or other material after surgery requiring re-operation or further surgical procedure	11
Medication error leading to the death of a patient reasonably believed to be due to incorrect administration of drugs	4
Maternal death associated with pregnancy, birth or the puerperium	3

NSW Health reported an increase in the percentage of discharged patients impacted by other adverse outcomes

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

- the percentage of patients with unplanned re-admissions to hospital within 28 days of being discharged
- the percentage of unplanned and emergency re-presentations to an emergency department within 48 hours of leaving the emergency department
- the number of staphylococcus aureus bloodstream infections (SA-BSI) cases per 10,000 bed days, as a measure of hand hygiene compliance of health workers.

The following figure summarises the level of activity and performance NSW Health reported against the selected KPIs in 2018–19.



2. Financial reporting

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

This chapter outlines our audit observations related to the financial reporting of agencies in the health cluster for 2019.

Section highlights

- We issued unqualified audit opinions for all health entities' financial statements and identified fewer misstatements than last year. Health entities continue to meet statutory deadlines.
- The Ministry of Health sets significant accounting policies centrally and provides a template for the preparation of health entities' financial statements. These processes promote consistent quality in the financial reports of health entities and reduce the number of misstatements we identify.
- NSW Health recorded an operating surplus of \$1.1 billion, an increase of \$699 million from 2017–18. This is because of additional capital grants for new facilities, upgrades and redevelopments. The capital replacement ratio (investment in new assets divided by depreciation) for NSW Health is 2.6.
- NSW Health's expenses increased by 7.0 per cent in 2018–19 (5.5 per cent in 2017–18). This is one percentage point higher than the projected long-term annual expense growth rate of six per cent. The primary causes for the growth in expenses are increased:
 - employee related expenses because provisions for employee benefits increased when the discount rate decreased
 - operating expenses associated with the opening of Northern Beaches Hospital.
- Excess annual leave balances continue to increase for the NSW Health workforce, with excess annual leave balances impacting 37 per cent of employees (34 per cent in 2017–18).
- Health entities should further review their approach to managing excess annual leave in 2019–20 by monitoring current and projected leave balances on a regular basis, agreeing formal leave plans with employees and encouraging staff that perform key control functions to take a minimum of two consecutive weeks' leave a year as a fraud mitigation strategy.
- The Ambulance Services continued to report overtime payments higher than other health entities. The Ambulance Service paid its employees \$83.1 million in overtime payments in 2018–19 (\$74.8 million in 2017–18).
- We issued a qualified audit opinion for the Ministry of Health's Annual Prudential Compliance Statement for aged care facilities operated by NSW Health. We identified 40 instances of material non-compliance with the Fees and Payments Principles 2014 (No. 2) (the Principles) in 2018–19 (17 in 2017–18).

Audit opinions

We issued unqualified audit opinions for all health entities and quality of financial reporting continues to improve

We identified fewer misstatements this year, and the errors were less significant. In 2018–19 no errors exceeded \$5.0 million (eight errors recorded in 2017–18). Ten health entities conducted a full revaluation of their land, buildings and infrastructure systems in 2018–19, but more robust processes avoided the errors identified in the previous year.

Year ended 30 June	Number of misstatements					
	2019		2018		2017	
						
Less than \$50,000	--	--	--	6	3	3
\$50,000 to \$249,999	--	1	--	--	2	3
\$250,000 to \$999,999	1	--	--	--	1	3
\$1 million to \$4,999,999	--	2	--	2	1	5
\$5 million and greater	--	--	6	2	1	2
Total number of misstatements	1	3	6	10	8	16

 Corrected misstatements.  Uncorrected misstatements.

Source: Statutory Audit Reports issued by the Audit Office.

We issued a qualified audit opinion for our compliance audit of the Ministry of Health's Annual Prudential Compliance Statement

The Ministry of Health operates eight aged care facilities in NSW and is required to comply with the Fees and Payments Principles 2014 (No. 2) (the Principles) when entering into agreements with and managing payments to and from care recipients. The Principles are set by the Commonwealth Assistant Minister for Social Services. We identified 40 instances of material non-compliance in 2018–19, including:

- not agreeing maximum accommodation amounts payable with aged care recipients before they entered the residential care services
- not entering into accommodation agreements with care recipients within the specified period
- charging incorrect fees for activities or services to one care recipient
- not refunding two bond balances within the statutory framework
- not paying the correct amount of interest for 14 care recipients' bonds refunded during the year.

2.1 Timeliness of financial reporting

Financial statements were submitted on time

Timely financial reporting is essential for sound financial management, effective decision making and improving public accountability. In 2018–19, all health entities met their statutory deadlines for completing financial statement procedures brought forward to 31 March. All health entities submitted their financial statements well ahead of the statutory deadline.

Health entities improved their procedures for the revaluation of property, plant and equipment

Revaluation procedures were brought forward to 31 March and at 31 May were substantially complete across health cluster entities. During the early close phases of the health entity audits, nine of the ten required entities completed their full revaluations.

Bringing forward some financial statement procedures allows early resolution of issues that might otherwise impact the quality and timeliness of financial reporting.

NSW Health's assets include land, which is often subject to zoning restrictions, and buildings of a specialised nature. The valuations of these assets involve significant judgement because of the subjectivity required in determining some key inputs because of the scarcity of comparable market based information.

To mitigate the risks associated with the valuations, health entities are required to complete their valuations as part of their financial statement preparation procedures at 31 March, and:

- use external, professionally qualified valuers to perform revaluations
- revalue their land at least every three years, and all other classes of property, plant and equipment every five years
- determine whether fair value differs materially from carrying value in the years between valuations by considering indices prepared by a professionally qualified valuer
- assign responsibility within the entity for the valuation process
- ensure the valuation approach is sufficiently documented, supported and reviewed by senior management.

Better management of valuation processes by the Ministry of Health and the LHDs has reduced the number of errors we identified in the financial statements compared to 2017–18, and improved the timeliness of the financial statement close process and the audit of the financial statements.

The table below provides information on the timelines of Health cluster entities' financial and audit reporting.

Cluster agencies - Timeliness of financial and audit reporting

Cluster agencies	Early close procedures	Financial statements	Audit report	Audit report date
Principal department/Lead agency				
Ministry of Health	✓	✓	✓	13/09/2019
Local health districts and specialty health networks				
Central Coast LHD	✓	✓	✓	03/09/2019
Far West LHD	✓	✓	✓	29/08/2019
Hunter New England LHD	✓	✓	✓	03/09/2019
Illawarra Shoalhaven LHD	✓	✓	✓	10/09/2019
Mid North Coast LHD	✓	✓	✓	06/09/2019
Murrumbidgee LHD	✓	✓	✓	06/09/2019
Nepean Blue Mountains LHD	✓	✓	✓	09/09/2019
Northern NSW LHD	✓	✓	✓	28/08/2019
Sydney Children's Hospitals Network	✓	✓	✓	04/09/2019
Justice Health and Forensic Mental Health Network	✓	✓	✓	04/09/2019
Northern Sydney LHD	✓	✓	✓	09/09/2019
South Eastern Sydney LHD	✓	✓	✓	05/09/2019
South Western Sydney LHD	✓	✓	✓	05/09/2019
Southern NSW LHD	✓	✓	✓	12/09/2019

Cluster agencies	Early close procedures	Financial statements	Audit report	Audit report date
Sydney LHD	✓	✓	✓	04/09/2019
Western NSW LHD	✓	✓	✓	29/08/2019
Western Sydney LHD	✓	✓	✓	11/09/2019
Pillar agencies				
Agency for Clinical Innovation	✓	✓	✓	23/09/2019
Bureau of Health Information	✓	✓	✓	13/09/2019
Cancer Institute NSW	✓	✓	✓	24/09/2019
Clinical Excellence Commission	✓	✓	✓	23/09/2019
Health Education and Training Institute	✓	✓	✓	25/10/2019
Shared state-wide services				
Health Administration Corporation	✓	✓	✓	Various dates
Other controlled health entities				
Albury Base Hospital	✓	✓	✓	17/09/2019
Graythwaite Charitable Trust	✓	✓	✓	17/09/2019
Other entities in the cluster				
Health Care Complaints Commission	✓	✓	✓	27/09/2019
Mental Health Commission of NSW	✓	✓	✓	8/10/2019
NSW Health Foundation	✓	✓	✓	27/09/2019
Health Professional Councils	✓	✓	✓	Various dates
Key	✓	 Statutory reporting or agreed deadline was not met		Statutory reporting or agreed deadline was met

2.2 Performance against budget

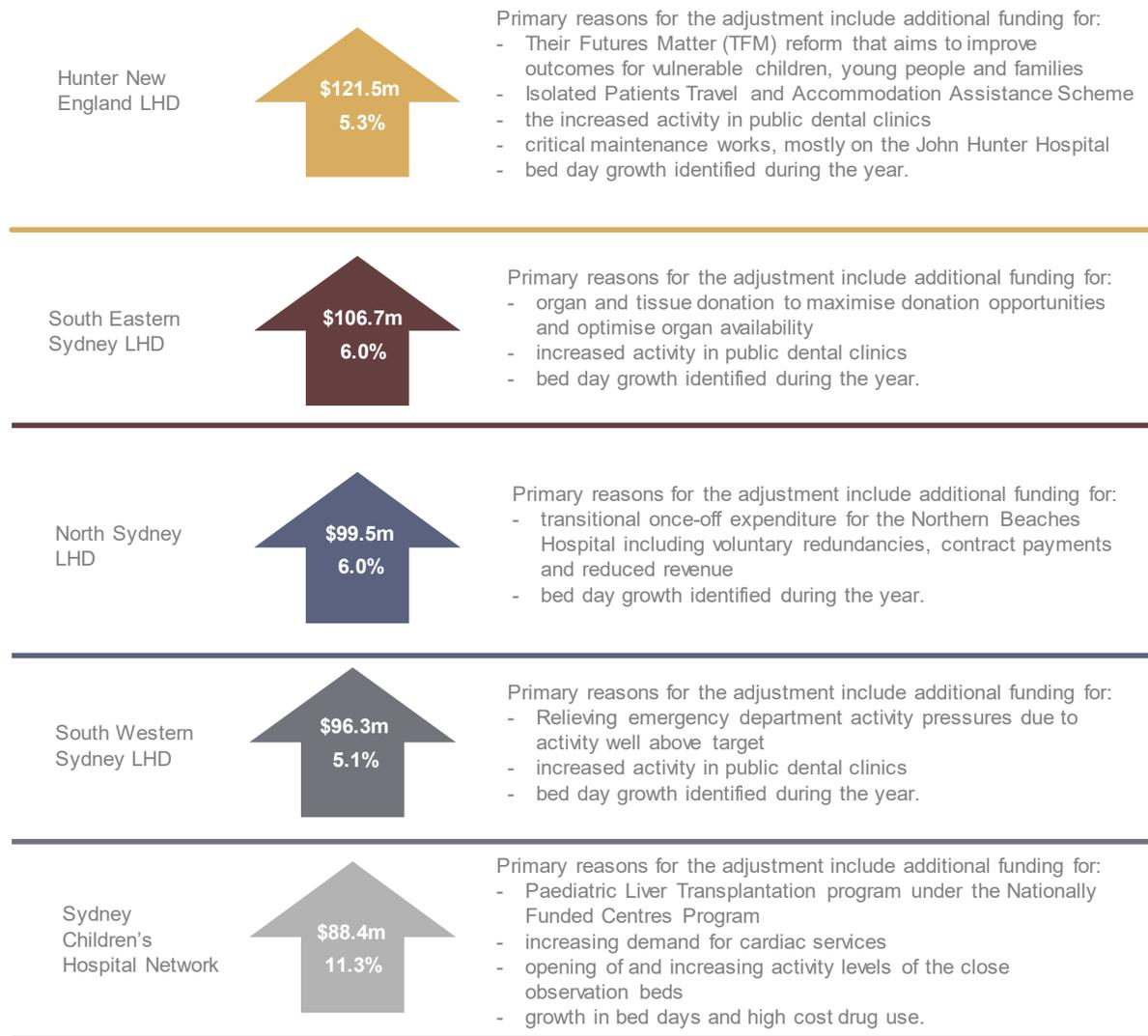
All health entities' expense budgets were revised and increased in 2018–19

The Ministry of Health monitors individual health entities' performance against budget. Health entities' budgets are updated by the Ministry of Health frequently throughout the year to reflect transfers of functions, employee award changes and supplementation received after the initial budget.

LHDs disclose their adjusted budgets in their financial statements. However, the Australian Accounting Standard only permit budgets that have been approved by parliament to be reported in financial statements. The LHDs depart from the requirement in the Australian Accounting Standard by presenting adjusted budget information instead of the original budget information. Health entities present this information as additional information because they believe it helps users better understand their financial statements. Neither the original or adjusted budget information, nor the assumptions used in formulating the budget information are audited.

At the start of 2018–19, budgeted expenses for the LHDs and speciality networks, in total were \$18.3 billion (\$93.5 million less than actual expenses in 2017–18). This was progressively revised by the Ministry of Health to \$19.4 billion during the year (an increase of \$1.1 billion).

The following health entities reported the most significant budget revisions.



Appendix five shows the following details by health entity:

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

Despite budget revisions, 12 health entities' actual expenses exceeded their final budgeted expenses by more than 0.5 per cent.

Only two entities did not exceed final budget. Unfavourable variances to the adjusted budget occur when health entities incur additional expenditure without having obtained a supplementary budget allocation from the Ministry of Health.

In 2018–19, 15 health entities recorded unfavourable variances between actual and final budgeted expenses. Of the 15, 12 entities had a variance of more than 0.5 per cent resulting from:

- increased activity levels
- increased labour costs due to increased full-time employees or the use of visiting medical officers and casual staff or increased overtime
- unexpected building repairs
- variances between the expected and actual costs of operating new facilities.

Appendix five details the health entities' performance against budget for the year ended 30 June 2019. The Ministry of Health is currently undertaking an internal review of its processes for allocating budgeted revenue to health entities.

2.3 Key financial information

	2019	2018	Variance	Variance
	\$m	\$m	\$m	%
Total expenses	23,593.5	22,040.1	1,553.3	7.0
Employee related expenses	14,407.8	13,397.2	1,010.6	7.5
Total revenue	24,669.7	22,417.8	2,251.9	10.0
Net result	1,076.2	377.7	698.5	184.9
Total assets	23,465.1	20,138.4	3,326.7	16.5
Total liabilities	5,555.0	5,143.0	412.0	8.0

Source: Audited financial statements.

Assets increased because of capital works and an increase in fair value.

The value of assets held by the Ministry increased to \$23.5 billion in 2018–19 (\$20.1 billion in 2017–18). This was mainly due to significant capital expenditure on new facilities, upgrades and redevelopments across NSW Health, including the Northern Beaches Hospital redevelopment, the Westmead Hospital redevelopment, the Tweed Hospital, the Lismore hospital and the Prince of Wales, St George and Sutherland Redevelopments.

The Auditor-General's 2019–20 Annual Work Program includes a planned performance audit of Health capital works. This audit will consider the effectiveness of processes around capital works program planning/facility design or business cases for the capital works program.

In addition to the significant capital expenditure, in accordance with NSW Health's revaluation plan, ten health entities revalued land, buildings and infrastructure assets in 2018–19, adding \$985.7 million to the recorded value of the assets.

Liabilities increased because of growing employee related provisions

Total liabilities increased to \$5.6 billion in 2018–19 (\$5.1 billion in 2017–18). The key drivers of the increase in total liabilities were the recognition of a liability for unearned income related to the Northern Beaches hospital, and increases in the provisions for annual leave and long service leave on-costs. The Northern Beaches Hospital includes property, plant and equipment used by both the private operator and NSW Health. This is referred to as the shared portion of the Hospital. The unearned income of \$101 million recognised by Northern Sydney LHD represents the private operator's right to access the shared portion of the Hospital over a period of 20 years.

Increased employee related expenses accounted for 65 per cent of the increase in expenses

There were three primary drivers of the \$1.0 billion increase in employee related expenses:

- on 2 July 2018 employees in all health cluster award classes received a 2.5 per cent wage increase
- provisions for health entities' employees long service leave increased by \$61.8 million, mostly due to the discount rate (Commonwealth Bond Rate) used of 1.32 per cent in 2018–19 (2.63 per cent in 2017–18)
- 2,940 additional full time equivalent staff were employed (121,571 in 2018–19 and 118,631 in 2017–18).

Outside of employee related expenses, the opening of Northern Beaches Hospital in October 2019 led to a \$108 million increase in the operating expenses of NSW Health, due to outsourced patient care fees. A private sector party is responsible for providing clinical services, clinical support services and facility related services for public patients at the Northern Beaches Hospital. This is partially offset by reduced expenses relating to Manly Hospital and Mona Vale Hospital.

2.4 Financial impact of Health cluster employees

Employee benefits are the most significant contributor to total expenses in the Health cluster. In 2018–19, NSW Health employed 121,571 full time equivalent employees. This represents an increase of 2.48 per cent from the 118,631 employed in 2017–18. 86.5 per cent of health employees are clinical staff. Employee related expenses represented 61.0 per cent of total health cluster expenses in both 2018–19 and 2017–18.

Many health employees are remunerated under a complex award structure. This presents risks to NSW Health because:

- changes in award rates of pay creates volatility in the financial results of health entities
- achieving consistency in processes for recording time and monitoring entitlements is difficult
- implementing appropriate systems with the capacity to deal with the size and complexity of the health workforce is challenging and costly
- control deficiencies can expose health entities and NSW Health to significant risk from fraud and error due to the scale of the workforce.

We have noted four ongoing issues relating to employees.

Thirty-seven per cent of NSW Health's workforce has excess annual leave balances

The health and wellbeing of staff can be adversely affected where staff do not take sufficient leave. Patient care can also be compromised when the health and well-being of clinical staff declines.

Excess leave entitlements negatively impact the cash flow of an organisation, as the amount that will eventually be paid out to meet leave liabilities increases in line with salary and award increases. Leave is remunerated in accordance with the award in effect when it is eventually taken.

Having staff take leave, particularly managerial and administrative staff performing key control functions, reduces fraud risks. Fraud is more likely to be detected when staff members are on leave, and their duties are performed by other people. 15,320 NSW Health employees took no annual leave during 2018–19 (12.6 per cent).

Under some awards, NSW Health employees receive a special annual leave entitlement. For example, nurses who work on a public holiday receive additional leave.

The following table shows the number of employees in NSW Health with excess total leave, including special annual leave.

At 30 June	2019	2018	2017	2016
Number of employees with excess leave*	48,090	45,084	44,985	45,541
Percentage of workforce (%)	36.9	34.1	35.0	35.9

* Figures based on 30 days or more.

Source: NSW Ministry of Health.

The following table shows the number of employees in NSW Health with excessive annual leave, excluding their special leave entitlements. While both the number of employees and the percentage of employees impacted is much lower once special leave entitlements are excluded, there continues to be a significant number of employees with excess leave balances.

At 30 June	2019	2018
Number of employees with excess leave*	21,749	22,227
Percentage of workforce (%)	16.7	18.8

* Figures based on 30 days or more.

Source: NSW Ministry of Health.

At 30 June 2019, Ambulance Service of NSW has the highest percentage of employees with annual leave balance exceeding 30 days (13.1 per cent), and Sydney LHD has the second highest percentage (10.6 per cent). Bureau of Health Information was the only health entity with zero employees with more than 30 days of annual leave.

The Ambulance Service of NSW's overtime payments remain significant

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

The Ambulance Service of NSW's overtime continues to be significantly higher than other health entities. We noted in 2018–19:

- overtime payments increased to \$83.1 million (\$74.8 million in 2017–18)
- overtime payments as a percentage of salary and wages expenses increased by one per cent
- 85.0 per cent of employees received overtime payments (97.8 per cent in 2017–18)
- employees were paid an average of \$19,400 for overtime (\$14,500 in 2017–18)
- 27 employees were each paid more than \$100,000 in overtime (eight in 2017–18).

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

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

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

Ambulance Service of NSW overtime payments

Year ended 30 June	2019		2018	
	Overtime payments	Percentage of salary and wages expense	Overtime payments	Percentage of salary and wages expense
	\$m	%	\$m	%
Call out	42.7	9.1	39.3	8.8
Drop shift	20.6	4.4	18.4	4.1
Extension of shift	16.7	3.6	14.9	3.3
Other	3.1	0.7	2.2	3.5
Total overtime payments	83.1	17.7	74.8	16.7

In 2019–20, we plan to conduct a performance audit to consider whether health staff are effectively supported to manage their mental health when in high-pressure, high-demand environment.

2.5 Financial and sustainability analysis

NSW Health has 15 LHDs and two specialty networks that operate public hospitals and institutions and provide health services to communities. Each has its own management structure and governing board.

The Ministry of Health agree key financial indicators with these entities, which form part of their service agreements. We analysed the performance of the LHDs and specialty networks against the key financial indicators. These indicators are the financial result for the year, expense growth rate and capital replacement ratio.

Financial results

NSW Health reported a significant surplus in 2018–19

The surplus for NSW Health increased to \$1.1 billion in 2018–19 (\$377.7 million in 2017–18). The increased surplus was mainly due to recurrent funding received to implement the NSW State Health Plan and capital funding recorded as income in the current period. The associated expenditure has, or will be, capitalised when spent on new facilities, upgrades and redevelopments in future periods.

More health entities reported a surplus in 2018–19

Fourteen of 17 LHDs and specialty networks recorded operating surplus in 2018–19 (six more than in 2017–18).

Northern Sydney, Western Sydney, Northern NSW and South Eastern Sydney LHDs recorded the most significant surpluses, (\$403.2 million, \$365.4 million, 66.2 million and 61.1 million respectively). These LHDs received capital funding for ongoing and completed projects including Northern Beaches Hospital redevelopment, Westmead Hospital redevelopment, Tweed Hospital, Lismore hospital, Prince of Wales, St George and Sutherland Redevelopments.

The primary source of revenue for most LHDs and specialty networks is a recurrent allocation received from the Ministry of Health. The amount received is initially agreed with the Ministry of Health in the service agreement but is varied throughout the year. When health entities experience higher activity levels than anticipated in their service agreement, their ability to record an operating surplus largely depends on the Ministry of Health varying their recurrent allocation.

Sydney Children's Hospital Network and Justice Health and Forensic Mental Health Network recorded a deficit for the second year. Far West LHD recorded a small deficit for the first time in 2018–19.

Far West

The key contributing factor was a cost overrun on building repairs, in excess of the amount covered by insurance.

Sydney Children's
Hospital Network

Contributing factors were higher than expected employee related costs, including actuarial adjustments to leave provisions and increased expenditure on repairs and maintenance. Increased activity and lower patient fees than expected also contributed.

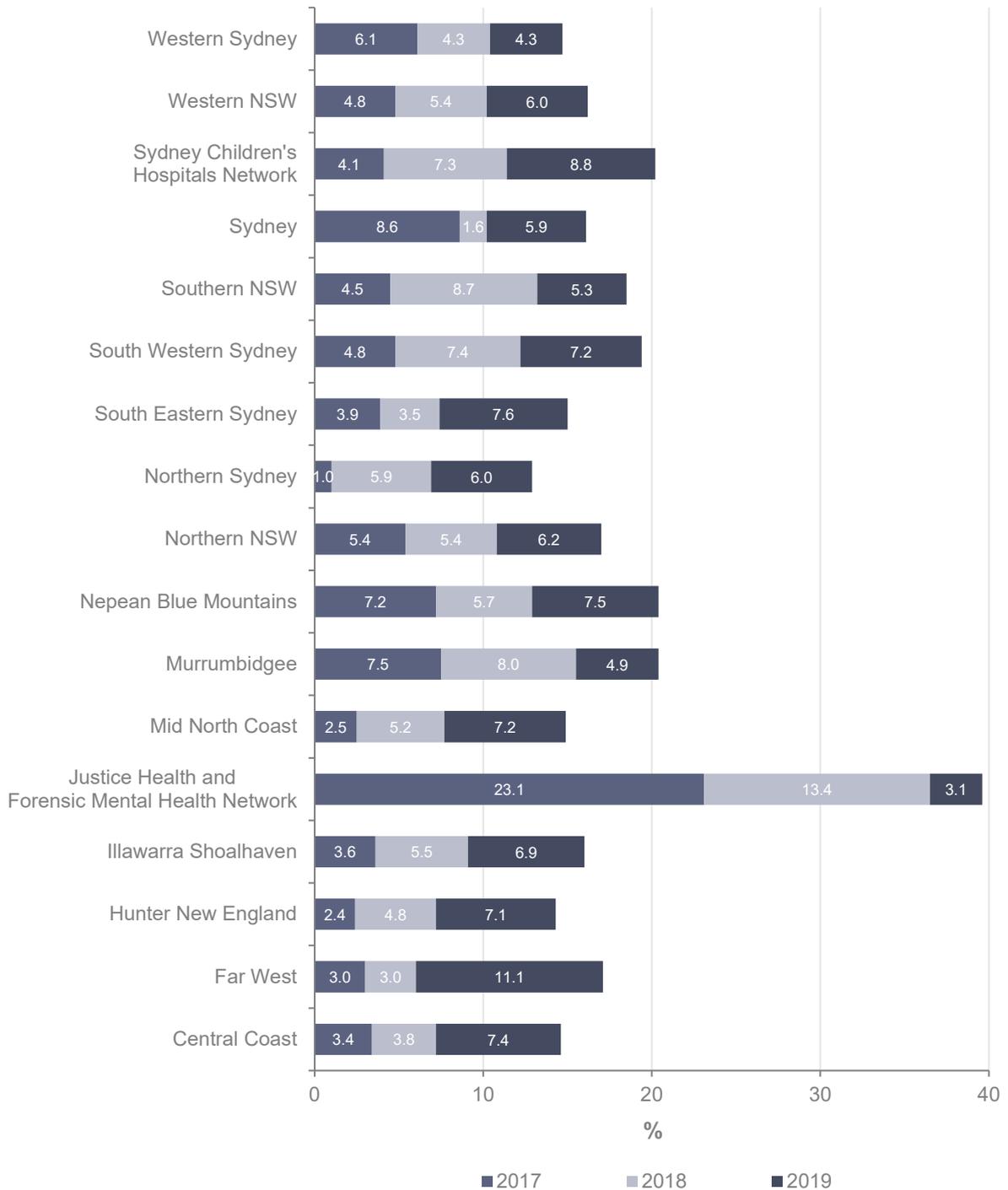
Justice Health and Forensic
Mental Health Network

The key contributing factor was the timing of the Ministry of Health providing additional funding to compensate for the expenditure on Hepatitis C drugs.

NSW Health's expense growth rate increased in 2018–19

NSW Health predicted an expected long-term annual expense growth rate of 6.0 per cent in the 2016 NSW Intergenerational Report. The projected increase reflects higher expected healthcare costs as NSW's population ages. However, since the release of the 2016 report, expense growth for the cluster has increased to 7 per cent and now exceeds this benchmark (5.5 per cent in 2017–18 and 4.4 per cent in 2016–17).

Twelve of the 17 LHDs and specialty networks contributed to the increased expense growth rate. Expenses at ten of the 17 entities grew by more than the 6.0 per cent in 2018–19 (five entities in 2017–18).



Far West LHD had the largest increase in expenses (11.1 per cent) due to a heavier reliance on visiting medical officers, demolition costs of \$2.9 million for Kincumber house, expenses associated with providing occupational therapy, physiotherapy and speech therapy for which funding was withdrawn and the district continued to fund these services internally. Increased depreciation related to the revaluation of the Broken Hill Community Health Centre and contributed to the higher expense growth in the current year.

Actuarial adjustments to long service leave provisions, annual salary increments, and depreciation expenses were the key contributing factors to the remaining health entities' increases in expenses of more than 6.0 per cent. Increases in expenditure at these entities varied from 6.2 to 9.0 per cent.

Three-year average expense growth rate

A State Priority target is for agencies' expense growth rates to be lower than the long-term revenue growth rate of 6.0 per cent. Agencies will need to continue monitoring expenditure closely to achieve this target.

Over the past three years, on average, expenses increased 5.6 per cent each year across NSW Health. Justice Health and Forensic Mental Health Network had the largest average increase (13.2 per cent). Five other health entities' expenses increased by more than 6.0 per cent. Increases in expenditure at these entities varied from 6.2 to 6.8 per cent.

In 2018–19 four of the 17 LHDs and specialty networks recorded lower annual expense growth rates than their three-year averages. The number of entities recording lower annual expense growth rates is expected to further increase based on reduced budgeted expenditure for all health entities.

Capital replacement ratio

The capital replacement, or asset sustainability ratio, measures the rate at which physical assets managed by health entities are being replaced. It compares the rate of spending on renewing or growing capital assets against depreciation expense. A ratio greater than one indicates capital expenditure is greater than the rate of depreciation.

The overall capital replacement ratio for NSW Health increased to 2.6 in 2018–19 (2.0 in 2017–18) despite a slight increase in depreciation expense.

Positive capital replacement ratios for 16 health entities indicate that most health entities are investing in their capital assets at a higher rate than their assets are being depreciated.

The highest ratio reported was 6.7 in the Western Sydney LHD, mainly due to capital expenditure on the Westmead Hospital redevelopment project and Blacktown and Mt Druitt Hospital expansion.

Northern Sydney LHD's capital expenditure was six times greater than depreciation due to capital expenditure for the Northern Beaches Hospital.

Justice Health and Forensic Mental Health Network had a capital replacement ratio of less than one

Justice Health and Forensic Mental Health Network had a capital replacement ratio of less than one. Justice Health and Forensic Mental Health Network and South Western Sydney LHD both had an average ratio of less than one over the past three years. This means assets may not be replaced at the rate they are wearing out. The lowest average ratio recorded was 0.6.

Although the capital replacement ratio is a long-term indicator and capital expenditure can be deferred in the short-term, entities with ratios less than one over the long-term may be under-investing in the assets they require for service delivery.

In our planned performance audit of Health capital works we will consider the effectiveness of processes around capital works program planning / facility design or business cases for the capital works program.

Appendix four details the health entities performance against each of the key financial indicators as at and for the year ended 30 June 2019.

3. Audit observations

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

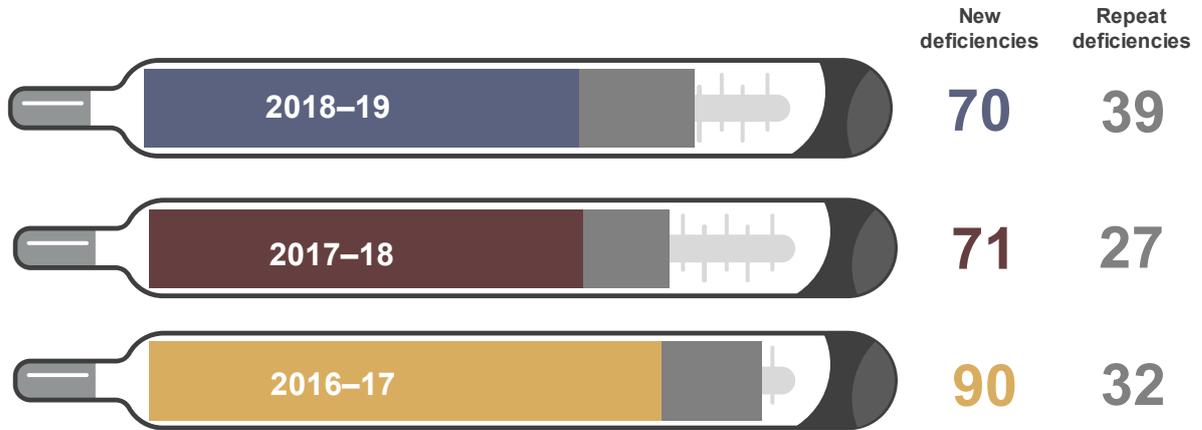
This chapter outlines our observations and insights from our financial statement audits of agencies in the health cluster.

Section highlights

- The number of internal control deficiencies has increased since 2017–18. More than a quarter of control deficiencies are repeat issues and almost a quarter relate to information system controls. Both employee time recording and leave management remain as repeat issues in 2018–19.
- Control deficiencies that relate to managing employees' leave, employees' time recording or information system limitations can be difficult for entities to resolve in a timely manner.
- Agreements for the treatment of New South Wales residents while they are interstate, and interstate residents while they are in New South Wales, are unsigned for Queensland, Victoria and the Australian Capital Territory for 2016–17, 2017–18 and 2018–19.
- NSW Health recorded \$113.6 million in revenue from fees charged to Medicare ineligible patients during 2018–19 but has received payment for less than half of this.
- NSW Health reported that they completed three major capital projects during 2018–19.
- As at 30 June 2019 there were 30 ongoing major capital health projects in NSW. The revised capital budget for these projects in total was \$2.2 billion more than the original budget of \$8.0 billion.
- Health entities spent \$635 million maintaining assets with a fair value of \$19.8 billion of assets. Almost all entities were working through backlog maintenance during 2018–19, although several were unable to quantify the backlog.
- While entities are now regularly reassessing the useful lives of their assets, entities are still using a high volume of assets that are fully depreciated. Due to the age and nature of these assets the impact was not material.

3.1 Internal control deficiencies

We reported more control deficiencies relating to health entities this year. The total number of control deficiencies identified increased and the number of repeat issues remains high.



Source: Management reports issued by the Audit Office.

Deficiencies in internal controls increase the risk of fraud and error. We report deficiencies in internal controls, matters of governance interest and the unresolved issues we identify to management and those charged with governance. We report our observations, related implications, recommendations and risk ratings.

The following table outlines management letter findings for Health cluster entities this year.

Category	Risk rating	Issue
Capital projects and asset maintenance	⊖ Moderate: 3 new, 0 repeat	Issues included: <ul style="list-style-type: none"> fully depreciated assets still in use delays in capitalising work in progress projects. Repeat issues included: <ul style="list-style-type: none"> delay in the approval and recording of asset disposals.
	⊙ Low: 4 new, 4 repeat	
Procurement practices	⊖ Moderate: 4 new, 4 repeat	Issues included: <ul style="list-style-type: none"> purchases without an approved purchase requisition. Repeat issues included: <ul style="list-style-type: none"> incomplete contract registers absence of evidence to support aspects of public sector official's travel.
	⊙ Low: 3 new, 1 repeat	
Valuation of property, plant and equipment	⊖ Moderate: 1 new, 0 repeat	Issues included: <ul style="list-style-type: none"> errors in the revaluation of property, plant and equipment.
	⊙ Low: 1 new, 0 repeat	

Category	Risk rating	Issue
Human resources	 Moderate: 8 new, 10 repeat	Issues included: <ul style="list-style-type: none"> timesheets approved in advance absence of evidence for employee reimbursements. Repeat issues included: <ul style="list-style-type: none"> excessive annual leave balances force finalisation of payroll duties.
	 Low: 6 new, 3 repeat	
Information technology	 Moderate: 15 new, 3 repeat	Issues included: <ul style="list-style-type: none"> weak administration of access to IT systems. Repeat issues included: <ul style="list-style-type: none"> ineffective monitoring of user access.
	 Low: 5 new, 2 repeat	
Financial reporting	 Moderate: 3 new, 1 repeat	Issues included: <ul style="list-style-type: none"> incomplete assessment of new accounting standards non-compliance with Australian Accounting Standards requirements.
	 Low: 2 new, 0 repeat	
Governance and oversight	 Moderate: 5 new, 6 repeat	Issues included: <ul style="list-style-type: none"> absence of approval for employee secondary or private employment lack of appropriate controls and guidelines for the management of the contingent workforce. Repeat issues included: <ul style="list-style-type: none"> outdated policies and procedures delay in updating the gift and benefit register.
	 Low: 2 new, 0 repeat	
Other internal control deficiencies or improvements	 Moderate: 2 new, 4 repeat	Issues included: <ul style="list-style-type: none"> instances of manual journals recorded without independent review insufficient segregation of duties in cash handling reconciliations not signed off in a timely manner. Repeat issues included: <ul style="list-style-type: none"> absence of a service level agreement with the service provider.
	 Low: 6 new, 1 repeat	



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



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



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



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

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

Deficiencies relating to human resources and time recording have changed in nature

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

Since the implementation of HealthRoster, our audits of health entities have noted some improvements. However, different issues relating to time recording have also been noted. For example, instances of time records being approved and finalised before the work was performed or system administrators who 'force approved' time records so pay runs could be finalised on a timely basis.

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

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

We found transactions and balances relating to interstate patient flows were based on unsigned agreements with other States. Agreements with Queensland, Victoria, ACT and South Australia are unsigned for 2017–18 to 2019–20. NSW Health has long outstanding receivables and payables with the other states.

Seventeen per cent of patient fees relating to Medicare ineligible patients are written-off

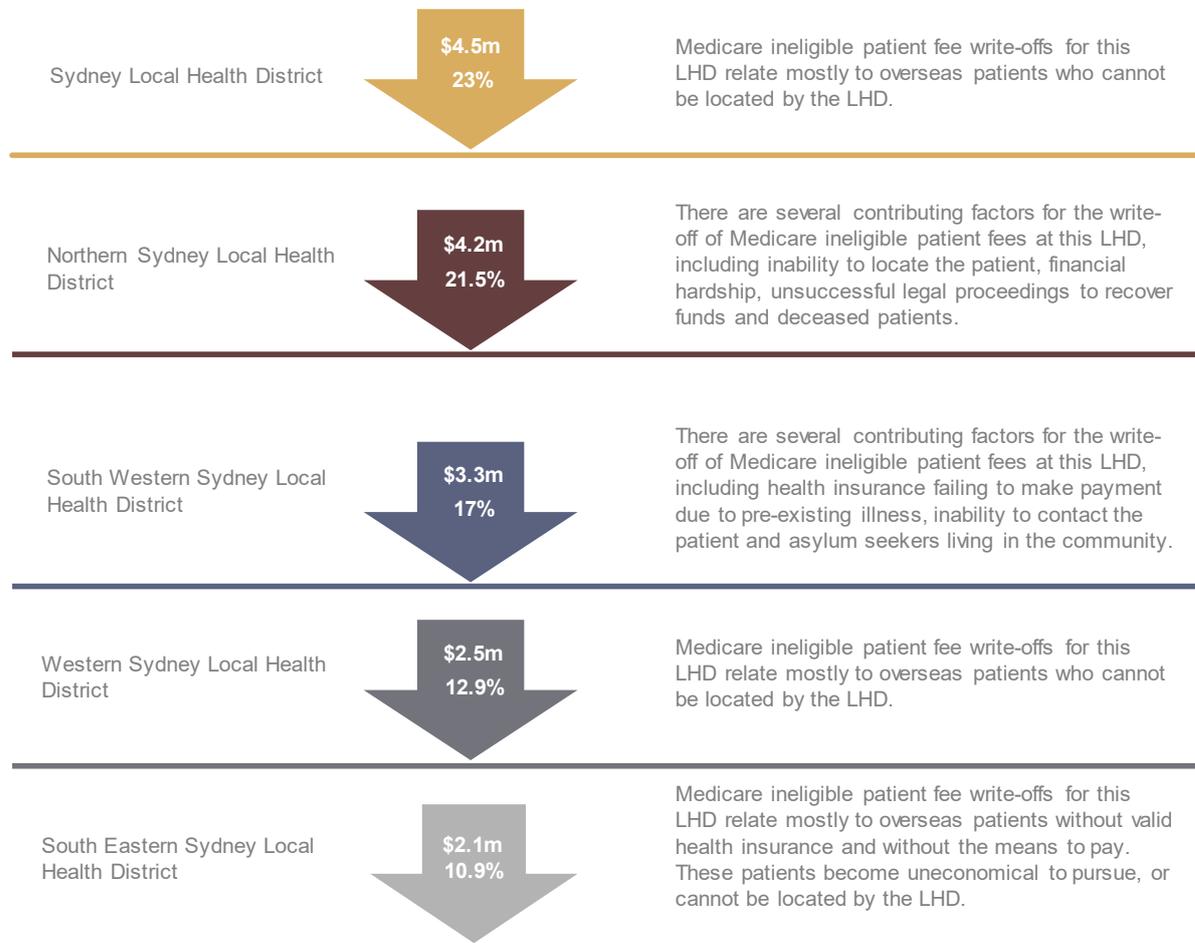
We analysed transactions and balances relating to Medicare ineligible patients. NSW Health defines patients as Medicare eligible if they are:

- Australian citizens
- holders of permanent residence visas
- persons applying for a permanent resident visa who have a parent, spouse or child who is an Australian citizen or has the right to stay in Australia permanently
- New Zealand citizens who have left NZ and are now living in Australia
- diplomats and their families from a country with a Reciprocal Health Care agreement (RHCA) – other than Belgium, New Zealand, Norway and Slovenia.

NSW Health considers all other patients to be Medicare ineligible patients.

We found NSW Health had recorded revenue of \$113.6 million relating to Medicare ineligible patient fees. \$64.2 million (56.5 per cent) had not yet been received as at 30 June 2019 and was recorded as receivable. A further \$19.7 million (17.3 per cent) was assessed as unrecoverable and has been written off.

The transactions and balances of the following LHDs represent 85.3 per cent of the total written off and 84.0 per cent of the total Medicare ineligible patient fees:



The Ministry of Health does not have a gifts and benefits register in place

The Auditor-General's Internal Controls and Governance Report identified that the Ministry of Health does not record the details of gifts and benefits declarations made by staff in a register. The Ministry of Health policy for gifts and benefits does not specify the required timeframes for staff to declare the gifts and benefits they have been offered or accepted.

Controls relating to the collection of activity based data are effectively designed and implemented

In 2018–19 NSW Health received \$11.7 billion of activity based funding (\$11.4 billion in 2017–18). Data collected by NSW Health on the cost and level of activity is fundamental to ensuring that funds claimed by NSW Health are accurate and appropriate, LHDs are appropriately funded and future National Weighted Activity Unit prices are correctly calculated. Key information includes patient activity data and cost data. Both data sets are collected by LHDs on admitting a patient and throughout the patient's treatment.

We have reviewed the key processes associated with collecting activity based funding data and were found that the relevant controls are effectively designed and implemented.

Infrastructure delivery

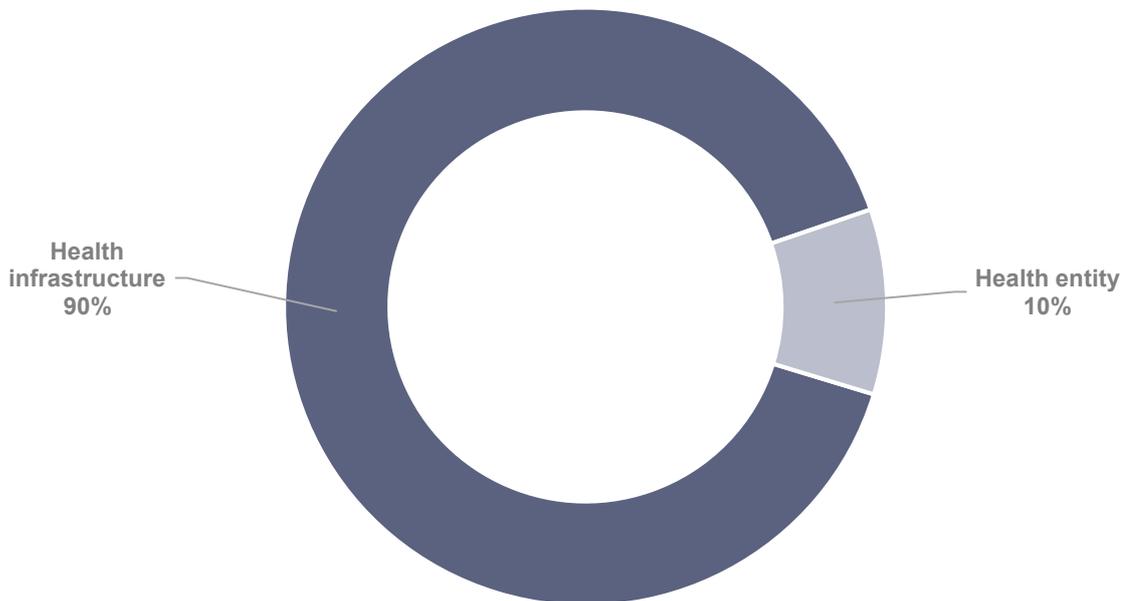
There are two models for delivery of health infrastructure in New South Wales

NSW Health delivered a \$2.3 billion capital program in 2018–19 (\$1.4 billion in 2017–18).

Health projects with budgeted costs of less than \$10.0 million are delivered directly through health entities. However, projects with budgeted costs of more than \$10.0 million are delivered by Health Infrastructure, an arm of NSW Health established to oversee the planning, design, procurement and construction of health capital works.

The graph below outlines the split between infrastructure projects, in terms of capital work in progress, delivered by Health Infrastructure and delivered by health entities during 2018–19.

Infrastructure delivery in the Health cluster



Source: NSW Health audited financial statements.

Health Infrastructure completed three major capital projects, all on time and within budget

Health Infrastructure classifies projects with a budgeted cost of more than \$50.0 million as major projects. In 2018–19 Health Infrastructure completed three major projects. Health Infrastructure reported the total cost of delivering the three projects was \$721.4 million.

The Northern Beaches Hospital delivered new hospital facilities in Frenchs Forest under a Public Private Partnership arrangement and was completed in October 2018, earlier than the scheduled delivery date of January 2019. Project costs may still be incurred until a project reaches financial completion, which can be after the physical construction completion date. Health Infrastructure reported \$26.5 million of budgeted project costs had not yet been incurred as at 30 June 2019.

The Armidale Hospital Redevelopment delivered an emergency department, three operating theatres, a procedure room, an expanded intensive care unit and an improved day surgery unit. This was delivered at the scheduled time, opening in January 2019. Health Infrastructure reported \$1.6 million of budgeted project costs had not yet been incurred as at 30 June 2019.

The Forensic Pathology and Coroners Court delivered a coroner's court and forensic medicine facility with private viewing and counselling rooms, advanced clinical equipment and facilities, multipurpose rooms with audio-visual technology and advanced teaching suites. The project was delivered in January 2019, earlier than scheduled. Health Infrastructure reported \$1.2 million of project costs had not yet been incurred as at 30 June 2019.

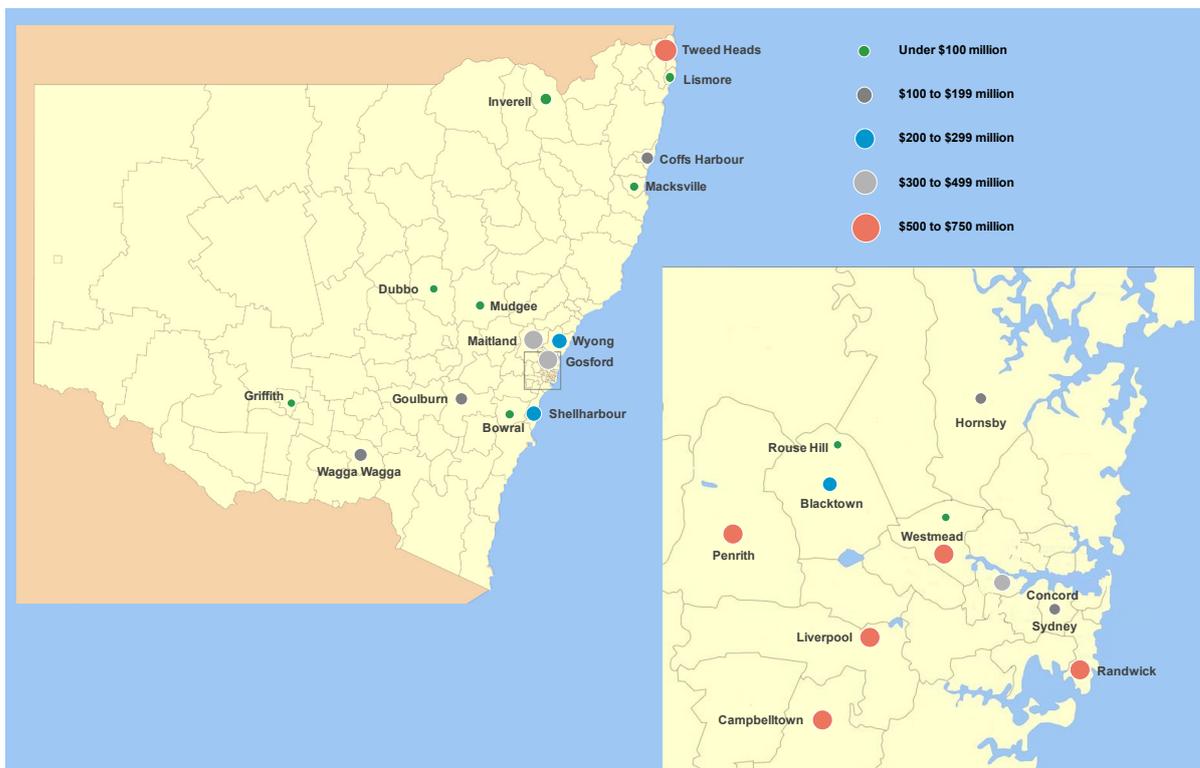
Part of the Forensic Pathology and Coroner's Court is used by the Department of Justice. NSW Health did not have a signed agreement in place to govern this arrangement until seven months after the Department of Justice began using the facilities.

Financial completion dates have been revised for most ongoing projects and budget costs have been revised for 16 major projects

As at 30 June 2019, Health Infrastructure was managing 30 major projects each with an estimated cost of more than \$50.0 million

The revised budget for the 30 major projects is \$10.2 billion. As at 30 June 2019, Health Infrastructure had spent \$3.5 billion on these projects or 43.6 per cent of the original budget.

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



Source: NSW Ministry of Health (unaudited).

In addition to the projects reflected on the preceding map, the unaudited budget papers reported a total budgeted cost of \$1.2 billion for the Multipurpose Service Strategy, Rural Ambulance Infrastructure Reconfiguration, HealthOne Strategy and the Statewide Mental Health Infrastructure Program. These projects are not reflected on the map as they impact multiple regions in NSW.

The revised budget represents an increase of \$2.2 billion (28 per cent) from the original budget of \$8.0 billion. Budgeted costs were increased for 16 major projects.

Financial completion dates and project budgets were increased for 13 projects due to different stages of projects being combined. This impacted the ongoing hospital redevelopments in Shellharbour, Griffith, Bowral, Blacktown, Dubbo, Goulburn, Hornsby, Inverell, Macksville, Tweed, Wagga Wagga, Westmead and Lismore, along with the hospital expansion in Coffs Harbour and the Multipurpose Service Strategy. For these projects, multiple stages are now being reported as a single project.

Further, NSW Health also reported a significant budget revision for the Sydney Ambulance Metropolitan Strategy.

Financial completion dates have been revised to later dates for 19 of the 30 projects. Financial completion dates can be after the physical construction completion dates.

The two major IT projects completed this year were delivered within the budgeted cost

IT projects are delivered by eHealth NSW, a separate organisation within NSW Health responsible for the management of electronic health data. One of eHealth's functions is to deliver state-wide systems.

eHealth NSW completed two major information technology projects in 2018–19, each with an estimated cost of \$10.0 million or more. As shown in the table below, the corporate and rostering systems, while not completed on time, were completed on budget.

Project name	Original budgeted capital cost	Revised budgeted capital cost	Actual cost	Original estimated completion	Completed
	\$m	\$m	\$m	Year	Year
Corporate System 2B	76.9	77.4	77.4	2017	2019
HealthRoster	94.8	89.6	89.6	2014	2019

Source: NSW Ministry of Health (unaudited).

The Corporate Systems program delivered an IT system intended to support the development of a sustainable workforce through planning, improved employee health and participation, and quality patient care within the local, national, and international health care community. eHealth reported the total cost of the project was on budget.

The HealthRoster system delivered a state-wide rostering solution which is expected to improve rostering practices across all NSW Health entities. The system will be rolled out to all professional groups and includes inbound and outbound interfaces to Stafflink.

In our performance audit of HealthRoster benefits realisation in June 2018, we reported that the HealthRoster project had two changes to its budget and timeline. Overall, the capital cost for the project increased from \$88.6 million to \$125.6 million (42 per cent). The final cost reported by eHealth was well below this at \$89.6 million.

The HealthRoster project had delayed expected project completion by four years from 2015 to 2019. NSW Health attributes the increased cost and extended time frame to the large scale and complexity of the full implementation of HealthRoster.

Completion dates and budgeted cost have been revised for most ongoing, major IT projects

At 30 June 2019, eHealth NSW was managing five major information technology projects, each with original budgets exceeding \$10.0 million. The projects are summarised in the following table.

Project name	Original budgeted cost	Revised budgeted cost	Cost as at 30 June 2019	Original estimated completion	Revised completion date
	\$m	\$m	\$m	Year	Year
Electronic Records for Intensive Care	43.1	43.1	43.1	2016	2020
Incident Management System	22.2	22.2	22.0	2016	2021
Digital Patient Records	91.1	236.2	58.1	2022	2023
HealthNet Pathology Results Repository	10.5	13.8	5.2	2018	2020
Whole-of-System Digital Platform	113.0	265.4	106.1	2025	2025

Source: NSW Ministry of Health (unaudited).

Three of the major projects have delays beyond the original estimated completion dates. One of the projects, the Incident Management System, was paused due to issues with vendor performance and was restarted in August 2018.

Of the \$22.0 million spent to 30 June 2019 for the Incident Management System, \$5.0 million was initially recognised as an asset and \$3.0 million of this has been assessed as unrecoverable and an impairment expense recognised.

eHealth NSW attributes the remaining delays to vendor changes, extensions in implementation schedules and increases to the project scope.

While eHealth NSW's major projects are all within revised budget, two projects have been significantly revised from the original budget due to scope expansions.

eHealth NSW reported a revision to the budget of the Whole-of-System Digital Platform project from \$113.0 million to \$265.4 million to extend the scope of the project to include a hardware refresh program.

Also, eHealth reported a revision to the budget of the budget of the Digital Patient Records project from \$91.1 million to \$236.2 million to include:

- medication management at up to 178 sites
- migration of the Computer Aided Dispatch (CAD) solution to Gov DC
- integration between Ambulance Service of NSW electronic medical record and medical records in Emergency Departments
- enhancements to the Ambulance Service of NSW electronic medical records.

Asset maintenance

Maintenance of health assets and infrastructure is the responsibility of health entities. In 2018–19 NSW Health spent \$635.0 million maintaining their assets (\$645.8 million in 2017–18). Maintenance expense represents 2.7 per cent of total expenses for NSW Health (2.9 per cent in 2017–18) and is higher as a percentage of total expenses than any other Australian state.

Health entities' service agreements define maintenance expenses as all costs incurred in planning, supervising, managing or executing works related to the maintenance of buildings, plant and equipment. The fair value of these assets is \$17.2 billion. Maintenance expense represents 3.7 per cent of the fair value of these assets.

The maintenance expenditure of the top four health entities represents 31.6 per cent of total maintenance expenditure

The four health entities with the highest maintenance spend in 2018–19 are outlined in the following table.

	Hunter New England LHD	Western Sydney LHD	Sydney LHD	South Western Sydney LHD
Maintenance expense (\$'000)	61,063	49,190	45,934	44,432
Percentage of total expenses (%)	2.6	2.6	2.5	2.2
Percentage of fair value of buildings, plant and equipment (%)	2.7	2.4	3.5	3.0

Source: Audited financial statements of LHDs.

While these entities represented 31.6 per cent of the total maintenance expense of NSW Health, the asset replacement value of these entities' buildings, plant and equipment also represents 37.5 per cent of the total for NSW Health.

The maintenance expenditure of most health entities has remained steady from 2017–18

Western Sydney LHD's maintenance expense decreased by \$10.5 million from 2017–18. NSW Health attributed the decrease to the completion of major renovation of the Westmead Hospital redevelopment and Stage 2 of the Blacktown Hospital project. Due to the opening of these new facilities, maintenance was reduced because some buildings have been replaced by the new facilities, and others are no longer in use and are expected to be refurbished or demolished.

Northern Sydney LHD reported a \$2.9 million increase in maintenance expenditure, which NSW Health attribute to a \$2.5 million contribution to maintenance expenditure as part of the Royal North Shore Public Private Partnership.

The Ministry of Health does not have a policy for calculating budgeted asset maintenance

NSW Treasury guidelines require entities to indicate the basis for their maintenance budget. LHDs are individually responsible for determining their annual budgets.

The Ministry of Health oversees asset maintenance by:

- approving maintenance budgets through the annual service agreements with the health entities
- reviewing the asset strategic plans prepared by health entities, which include key performance indicators and asset maintenance plans.

We noted inconsistencies in how health entities calculate their maintenance budgets. In our Auditor-General's Report on Health in 2017–18 we identified one health entity which adopted a more consultative and detailed approach to estimating their maintenance needs. Input from operational staff allowed more accurate budgeting of their maintenance spend. This year, we noted health entities' approaches when developing their budgets varied and included using historical data or a 'bottom up' approach.

Health entity budgets for asset maintenance expense do not align with NSW Health's KPI for asset maintenance expense

The health entities' service agreements include one KPI relating to asset maintenance. It measures whether health entities are spending enough on asset maintenance. 2018–19 service agreements indicated that a health entity was meeting the performance requirements if its asset maintenance expenditure as a proportion of asset replacement value had increased by at least 10 per cent.

The maintenance expense budgets of nine LHDs and one specialty network did not allow for sufficient expenditure on maintenance to allow the entities to meet the performance requirements set by Ministry of Health.

	Maintenance expense	Replacement value of assets	Maintenance cost as a percentage of the value of assets
	\$'000	\$'000	%
Central Coast LHD	21,095	1,079,733	2.0
Nepean Blue Mountains LHD	17,216	881,198	2.0
Southern NSW LHD	9,301	584,954	1.6
Hunter New England LHD	61,063	3,229,401	1.9
Illawarra Shoalhaven LHD	19,858	1,030,503	1.9
Northern NSW LHD	20,345	1,035,651	2.0
Northern Sydney LHD	40,158	2,869,048	1.4
South Eastern Sydney LHD	41,481	2,369,975	1.8
South Western Sydney LHD	44,432	2,129,492	2.1
Sydney Children's Hospitals Network	17,967	1,023,102	1.8

Although there is no set target or cap expressed in the service agreements for asset maintenance expenditure as a proportion of asset replacement value, previously the Ministry of Health had set a target of 2.15 per cent.

Only seven of the LHDs and specialty networks spent more than 2.15 per cent of their asset replacement value on maintenance in 2018–19, despite 10 of the 17 LHDs and specialty networks exceeding their budget for asset maintenance expense.

One entity, Justice Health and Forensic Mental Health Network, spent 6.5 per cent of their asset replacement value on maintenance without exceeding their budget for maintenance expense, while another entity, South Eastern Sydney LHD, only spent 1.8 per cent of their asset replacement value on maintenance but exceeded their budget.

Most health entities are working through backlog maintenance

Only one LHD and one specialty health network reported they did not have backlog maintenance. Five of the LHDs and speciality networks could not quantify their asset maintenance backlog. The backlog maintenance quantified and reported in 2018–19 by ten health entities was \$269.8 million.

Asset and Facilities Management Online (AFM Online) is a system implemented by eHealth to improve how the assets of NSW Health are managed to ensure they are monitored correctly, available in the right condition, at the right time and in the right location for optimal patient care.

In 2018–19 a greater number of health entities used AFM Online, with a further six entities identifying the opportunity to use the new Ministry of Health system to better manage their asset maintenance backlog.

Most health entities are continuing to use fully depreciated assets

Australian accounting standards and NSW Treasury policy require health entities to review asset useful lives at least annually and depreciate the cost of each asset over its useful life.

We compared the number of fully depreciated assets to the total number of depreciable assets, and noted all entities continue to use assets that are fully depreciated. This indicates entities have underestimated the useful lives of their assets and depreciated them too quickly, recognising too much depreciation in their financial statements each year. The majority of the fully depreciated assets that are still in use are buildings.

We considered the financial impact of these assets by comparing the replacement cost of the fully depreciated assets to the total replacement cost of all assets (excluding land). We concluded this does not have a significant impact on the financial statements.

As health entities continue their current practice of revaluing buildings every three years and annually reviewing their assets' useful lives the impact of this issue will decrease. NSW Health have commenced separately recognising the components of assets that may have materially different useful lives. Separately depreciating these components will further address this issue.

LHDs and specialty health networks	Total replacement cost of fully depreciated assets	Total replacement cost of all assets*	Fully depreciated assets as a percentage of total assets*
	\$'000	\$'000	%
Central Coast LHD	51,183	1,079,733	4.7
Far West LHD	4,782	194,184	2.5
Hunter New England LHD	72,790	3,229,401	2.3
Illawarra Shoalhaven LHD	16,840	1,030,503	1.6
Justice Health and Forensic Mental Health Network	8,800	125,067	7.0
Mid North Coast LHD	15,700	731,953	2.1
Murrumbidgee LHD	7,869	816,685	1.0
Nepean Blue Mountains LHD	23,716	881,198	2.7
Northern NSW LHD	61,500	1,035,651	5.9
Northern Sydney LHD	126,000	2,869,048	4.4
South Eastern Sydney LHD	40,200	2,369,975	1.7
South Western Sydney LHD	41,017	2,129,492	1.9
Southern NSW LHD	7,900	584,954	1.4
Sydney LHD	76,000	1,990,078	3.8
Sydney Children's Hospitals Network	47,336	1,023,102	4.6
Western NSW LHD	47,000	1,624,933	2.9
Western Sydney LHD	70,000	2,150,861	3.3

* Excludes land assets and work in progress.

Section two

Appendices

Appendix one – List of 2019 recommendations

The table below lists the recommendations made in this report.

1. Financial reporting

1.1 Managing excess annual leave

Health entities should further review the approach to managing excess annual leave in 2019–20. They should:



- monitor current and projected leave balances to the end of the financial year monthly
- agree formal leave plans with employees to reduce leave balances over an acceptable timeframe
- encourage staff that perform key control functions to take a minimum of two consecutive weeks leave a year as a fraud mitigation strategy.

1.2 Ambulance Service of NSW sick leave

Ambulance Service of NSW should further implement and monitor targeted human resource strategies to address the high rates of sick leave taken.



1.3 Ambulance Service of NSW overtime payments

Ambulance Service of NSW should further review the effectiveness of its rostering practices to identify strategies to reduce excessive overtime payments.



1.4 Time and leave recording practices

Health entities should continue to review time and leave recording practices to rectify control weaknesses, reduce the risk of timesheet fraud and realise all the benefits HealthRoster can deliver.



Key



Low risks



Medium risks



High risks

Appendix two – Status of 2018 recommendations

Recommendation	Current status
Health entities	
<p>Health entities should further review the approach to managing excess annual leave in 2018–19. They should:</p> <ul style="list-style-type: none"> • monitor current and projected leave balances to the end of the financial year monthly • agree formal leave plans with employees to reduce leave balances over an acceptable timeframe • encourage staff that perform key controls functions to take a minimum of two consecutive weeks leave a year as a fraud mitigation strategy. 	<p>All health entities now have access to a new dashboard use to monitor all excessive leave. Quarterly reports are provided to managers to review excess leave and proactively require leave plans to be put in place.</p> <p>Line managers are required to manage excess leave above 30 days on an ongoing basis which is a requirement in their Performance Plans.</p>
<p>Health entities should continue to review time and leave recording practices to rectify control weaknesses, reduce the risk of timesheet fraud and realise all the benefits HealthRoster can deliver.</p>	<p>eHealth NSW monitors force approved entries and reports on HealthRoster Program Metrics monthly to the Statewide Rostering Implementation Steering Committee.</p> <p>The Ministry of Health continues to develop tools with eHealth NSW to support future rostering and wellbeing initiatives.</p>
Ambulance Service of NSW	
<p>Ambulance Service of NSW should further implement and monitor targeted human resource strategies to address the high rates of sick leave taken.</p>	<p>Ambulance Service of NSW continues to implement and monitor targeted human resource strategies to reduce sick leave taken. Average sick leave rates continue to be the highest across the health sector, higher than the NSW Health average. Refer to the financial reporting chapter.</p>
<p>Ambulance Service of NSW should further review the effectiveness of its rostering practices to identify strategies to reduce excessive overtime payments.</p>	<p>Ambulance Service of NSW continues to review its strategies and rostering practices to reduce the different overtime categories. Overtime payments continue to be significantly higher than other health entities. Refer to the financial reporting chapter.</p>
<p>Key  Fully addressed  Partially addressed  Not addressed</p>	

Appendix three – Financial data

	Total assets		Total liabilities		Total revenue*		Total expense**	
	2019 \$m	2018 \$m	2019 \$m	2018 \$m	2019 \$m	2018 \$m	2019 \$m	2018 \$m
Cluster lead entity								
Ministry of Health	23,465.1	20,138.4	5,555.0	5,143.0	24,669.7	22,417.8	23,593.5	22,040.1
Local Health Districts								
Central Coast LHD	892.0	837.6	148.2	126.5	933.6	946.5	902.4	840.3
Far West LHD	137.5	135.9	17.6	16.0	129.6	133.5	129.8	117.3
Hunter New England LHD	2,515.9	1,647.6	457.1	467.7	2,402.0	2,266.8	2,390.9	2,231.8
Illawarra Shoalhaven LHD	704.5	691.9	158.9	154.9	1,034.3	937.2	1,026.9	961.2
Mid North Coast LHD	568.4	531.2	113.1	107.4	705.5	629.1	674.9	629.8
Murrumbidgee LHD	599.8	547.8	86.6	85.7	706.3	642.3	667.6	636.6
Nepean Blue Mountains LHD	681.7	616.3	148.9	130.6	935.7	836.3	891.5	830.6
Northern NSW LHD	761.0	692.0	135.6	127.2	938.5	838.6	872.3	822.3
Northern Sydney LHD	2,815.7	2,304.1	1,142.1	1,033.0	2,198.0	1,646.5	1,794.8	1,693.6
South Eastern Sydney LHD	1,961.8	1,893.8	333.4	323.3	1,983.1	1,947.6	1,921.9	1,789.3
South Western Sydney LHD	1,831.8	1,445.5	413.4	414.8	2,051.1	1,850.7	2,024.4	1,886.5
Southern NSW LHD	434.1	376.5	59.4	58.4	468.4	422.5	456.0	433.1
Sydney LHD	2,084.5	1,493.1	419.9	395.0	1,887.5	1,757.3	1,869.0	1,765.6
Western NSW LHD	1,098.0	1,063.0	316.4	298.7	1,017.6	943.4	1,001.3	945.1
Western Sydney LHD	2,638.0	2,215.9	357.6	332.2	2,234.6	2,005.7	1,869.2	1,793.1
Sydney Children's Hospital Network	806.9	787.9	157.7	147.1	867.4	785.2	876.4	804.4
Justice Health and Forensic Mental Health Network	117.8	123.1	113.2	113.8	297.1	288.8	301.8	292.3

	Total assets		Total liabilities		Total revenue*		Total expense**	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Pillar agencies								
Agency for Clinical Innovation	2.9	2.9	6.3	5.3	37.3	32.1	38.2	32.1
Bureau of Health Information	0.5	0.7	0.9	0.8	8.8	8.8	9.1	8.9
Cancer Institute NSW	15.4	14.0	20.0	16.0	188.5	181.4	191.1	182.1
Clinical Excellence Commission	1.4	2.2	3.9	3.2	20.4	17.3	21.9	17.5
Health Education and Training Institute	5.1	4.7	7.3	7.8	49.4	42.5	48.4	48.1
Shared state-wide services								
Health Administration Corporation	2,244.3	2,032.8	875.8	747.2	3,687.0	3,467.3	3,597.6	3,293.3

	Total assets		Total liabilities		Total revenue*		Total expense**	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other controlled health entities								
Albury Base Hospital	71,981	61,779	--	--	--	--	2,941	2,705
Graythwaite Charitable Trust	45,530	46,419	--	--	125	125	1,014	1,014
Other entities in the cluster								
Health Care Complaints Commission	2,637	1,602	2,181	2,016	19,189	16,352	18,319	16,287
Mental Health Commission of NSW	1,886	1,216	1,602	1,422	12,010	10,903	11,520	10,753
Health Professional Councils^	59,340	58,640	18,871	18,338	35,074	33,283	34,906	30,384
NSW Health Foundation	54,596	58,962	7	9	54	55	790	786

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

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

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

Appendix four – Analysis of financial indicators

The following table summarises the health entities performance against some key financial indicators as at and for the year ended 30 June 2019.

Health entity	Surplus/ (deficit)	Expense growth rate		Capital replacement ratio	
	\$'000	%	3-year average	Ratio	3-year average
Consolidated entity					
Ministry of Health	1,076,218	7.0	5.6	2.6	2.1
Local health districts/specialty networks					
Central Coast LHD	31,186	7.4	4.9	2.4	4.6
Far West LHD	(143)	11.1	5.7	1.3	2.2
Hunter New England LHD	11,114	7.1	4.8	1.1	1.3
Illawarra Shoalhaven LHD	7,355	6.9	5.3	1.7	1.1
Justice Health and Forensic Mental Health Network	(4,683)	3.1	13.2	0.6	0.7
Mid North Coast LHD	30,608	7.2	5.0	3.0	1.8
Murrumbidgee LHD	38,610	4.9	6.8	2.8	1.8
Nepean Blue Mountains LHD	44,149	7.5	6.8	3.3	1.7
Northern NSW LHD	66,235	6.2	5.7	3.2	2.5
Northern Sydney LHD	403,168	6.0	4.3	6.0	2.6
South Eastern Sydney LHD	61,130	7.6	5.0	1.8	3.3
South Western Sydney LHD	26,697	7.2	6.5	1.5	0.9
Southern NSW LHD	12,894	5.3	6.2	1.9	1.1
Sydney LHD	18,473	5.9	5.3	1.6	1.2
Sydney Children's Hospitals Network	(8,975)	9.0	6.8	1.2	1.0
Western NSW LHD	16,299	6.0	5.4	1.5	1.3
Western Sydney LHD	365,373	4.3	4.9	6.7	4.8

Source: Audited financial statements.

Appendix five – Analysis of performance against budget

Health entity	Budgeted total expenses excluding losses		Total expenses (excluding losses)	Favourable/(unfavourable) variance				
	Original	Final	Actual	Original vs actual		Final vs actual		
	\$m	\$m	\$m	\$m	%	\$m	%	
Far West LHD	115	127.1	129.7	(15)	(11.3)	(2.6)	(2.0)	!
Western Sydney LHD	1,777	1,861	1,866.3	(89)	(4.8)	(5.3)	(0.3)	
Nepean Blue Mountains LHD	831	851.6	891.1	(60)	(6.8)	(39.5)	(4.4)	!
Illawarra Shoalhaven LHD	951	1,009.3	1,026.1	(75)	(7.3)	(16.8)	(1.6)	!
Murrumbidgee LHD	607	649.3	667	(60)	(9.1)	(17.7)	(2.7)	!
Sydney Children's Hospital Network	784	872.8	876	(91.6)	(10.5)	(3.2)	(0.4)	
South Eastern Sydney LHD	1,766	1,872.9	1,919.3	(153)	(8.0)	(46.4)	(2.4)	!
Southern NSW LHD	420	435.8	456	(36)	(8.0)	(20.2)	(4.4)	!
Western NSW LHD	942	995	1,001.1	(59)	(5.9)	(6.1)	(0.6)	!
Justice Health and Forensic Mental Health Network	227	303.2	301	(74)	(24.7)	2.2	0.7	
Mid North Coast LHD	634	667.4	674.2	(40)	(6.0)	(6.8)	(1.0)	!
Hunter New England LHD	2,278	2,399.5	2,386	(108)	(4.5)	13.5	0.6	
Northern Sydney LHD	1,671	1,770.4	1,790.2	(119)	(6.7)	(19.8)	(1.1)	!
Sydney LHD	1,772	1,846.7	1,861.4	(90)	(4.8)	(14.7)	(0.8)	!
Northern NSW LHD	834	868.9	871.7	(37.4)	(4.3)	(2.8)	(0.3)	
South Western Sydney LHD	1,896	1,992.6	2,018.6	(122)	(6.1)	(26)	(1.3)	!
Central Coast LHD	837	889.2	901.8	(65)	(7.2)	(12.6)	(1.4)	!

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

Source: Original budget total expenses excluding losses – Service level agreement. Final budget and actual total expenses excluding losses – audited financial statements.

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

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