

ERRATUM

THE NORTH METROPOLITAN HEALTH SERVICE ANNUAL REPORT 2018

This is the Erratum to the North Metropolitan Health Service's Annual Report 2018 to tabled paper 1918, on 10 October 2018 in the Legislative Assembly and tabled paper 2020, on 9 October 2018 in the Legislative Council

Page 46 Table 3 Actual results versus KPI Targets target for Percentage of adults and children who have a tooth retreated within 6 months of receiving initial restorative dental treatment should read < 7.7 and < 2.6, not ≤ 7.7 and ≤ 2.6 , respectively.

| Effectiveness KPI | 2017/18 Actual (%) | 2017/18 Target (%) | Variation (%) | Target met |
|---|-----------------------|-----------------------|------------------|---------------|
| Percentage of | | | | |
| (a) adults | 6.0 | < 7.7 | 1.7 | ✓ |
| (b) children | 2.2 | < 2.6 | 0.5 | ✓ |
| who have a tooth re-treated within 6 months of receiving initial restorative dental treatment | | | | |

Page 46 Table 3 Actual results versus KPI targets Variation for Average cost per breast screening should read 8, not 165.

| Efficiency KPI | 2017/18 Actual (\$) | 2017/18 Target (\$) | Variation (\$) | Target met |
|---|------------------------|------------------------|-------------------|---------------|
| Service 6 Public and community health services | | | | |
| Average cost per person of delivering population health programs by population health units | 50 | 19 | 31 | x |
| Average cost per breast screening | 165 | 157 | 8 | x |

Page 49 Table 4 title should read “Unplanned hospital readmissions within 28 days for selected surgical procedures (per 1000), 2016 to 2017”, not “2017”.

Table 4: Unplanned hospital readmissions within 28 days for selected surgical procedures (per 1000), 2016 to 2017

| Surgical procedure | 2016 (per 1000) | 2017 (per 1000) | 2017 Target (per 1000) | Target met |
|---------------------------------|--------------------|--------------------|---------------------------|------------|
| Knee replacement | 21.9 | 36.1 | ≤ 26.2 | x |
| Hip replacement | 16.5 | 21.3 | ≤ 17.2 | x |
| Tonsillectomy and Adenoidectomy | 142.9 | 112.4 | ≤ 61.0 | x |
| Hysterectomy | 34.9 | 45.5 | ≤ 41.3 | x |
| Prostatectomy | 48.1 | 45.5 | ≤ 38.8 | x |
| Cataract surgery | 3.6 | 2.0 | ≤ 1.1 | x |
| Appendectomy | 28.0 | 18.4 | ≤ 32.9 | ✓ |

Data source: Hospital Morbidity Data Collection.

- Page 52 Target line 1 should read “The 2017 target is ≤ 1.0 per 10 000 occupied bed-days, not < 1.0 ”.
- Page 53 Table 6 title should read “Healthcare-associated *Staphylococcus aureus* bloodstream infections (HA-SABSI) per 10 000 occupied bed-days, 2017”, not “2017/18”.

Table 6: Healthcare-associated *Staphylococcus aureus* bloodstream infections (HA-SABSI) per 10 000 occupied bed-days, 2017

| | 2017 | Target (per 10000) | Target met |
|--------------------------------------|------|--------------------|------------|
| HA-SABSI per 10000 occupied bed-days | 0.71 | ≤ 1.0 | ✓ |

Data source: Healthcare Infection Surveillance WA Data Collection (HISWA).

- Page 54 Target line 1 should read “Maintained performance is demonstrated by a result above, or equal to, the target”, not “below or equal to the target”.
- Page 59 Results paragraph 2 is to be disregarded.
- Page 63 Results, last sentence, should be disregarded and replaced with “The variation between the actual cost per weighted activity at the health service level and the target indicates that the Emergency Department cost per weighted activity unit at NMHS is lower than the State average”.
- Page 64 Results should read “In 2017/18 the average non-admitted cost per weighted activity unit was above target”, not “below target”.
- Page 66 Table 17 title should read “Average cost per bed-day in specialised mental health inpatient units, 2016/17 to 2017/18”, not “2017/18”.
Table 17, 2017/18 financial year average cost performance should read 1,482, not 1,501.
Table 17 performance for 2016/17 has been included.

Table 17: Average cost per bed-day in specialised mental health inpatient units, 2016/17 to 2017/18

| | 2016/17 (\$) | 2017/18 (\$) | Target (\$) | Target met |
|--------------|--------------|--------------|-------------|------------|
| Average cost | 1,501 | 1,482 | 1,417 | x |

Note: This efficiency KPI target, set in 2017/18 Budget Paper 2, did not include Teaching, Training and Research (TT&R) Programs and PathWest resources received free of charge (RRFoC) (excluding direct charges to HSPs captured under the existing fee for service model). The requirement for TT&R and PathWest RRFoC to be included in the KPI results was identified subsequent to finalising the 2017/18 Budget Paper 2, thus creating a variance between the 2017/18 KPI target and expected result. The target was recalculated to include TT&R and PathWest RRFoC as part of the 2018/19 Budget Paper 2 and this annual report target figure is based on the subsequent target calculation methodology. The original target for this KPI was \$1,334.

Data sources: Bedstate, Health Service Financial Systems.

Page 69 Target line 1 should read “The 2016 to 2017 target is ≥ 70 per cent participation rate of women aged 50 to 69 years who participated in breast screening”, not “The 2017 target”.

Target, line 2 should read “Maintained performance is demonstrated by a result above, or equal to, the target”, not “below, or equal to the target”.

Page 70 Table 19 title should read “Participation rate of women aged 50 to 69 years who participated in breast screening, 2016 to 2017”, not “2016/17”.

Table 19 performance column header should read “2016 to 2017(%)”, “not 2017 (%)”.

Table 19: Participation rate of women aged 50 to 69 years who participated in breast screening, 2016 to 2017

| | 2016 to 2017 (%) | Target (%) | Target met |
|--------------------|------------------|------------|------------|
| Participation rate | 56.0 | ≥ 70 | x |

Note: This measure counts the women screened within a 24-month period (1 January 2016 to 31 December 2017) as it is recommended that women in the cohort attend free screening biennially.

Data sources: Mammographic Screening Register; Australian Bureau of Statistics.

Page 71 Target line 1 should read “Maintained performance is demonstrated by a result below the target”, “not below, or equal to, the target”.

Page 72 Results line 1 should read “In 2017/18 the percentage of adults and children who had a tooth re-treated within six months of receiving initial restorative dental treatment was below target (see Table 20)”, not “(see Table 18)”.

Table 20, the targets for (a) adults and (b) children should read “ < 7.7 and < 2.6 ”, not “ ≤ 7.7 and < 2.6 ”, respectively.

Table 20: Percentage of adults and children who have a tooth re-treated within six months of receiving initial restorative dental treatment, 2017/18

| | 2017/18 (%) | Target (%) | Target met |
|--------------|-------------|------------|------------|
| (a) adults | 6.0 | < 7.7 | ✓ |
| (b) children | 2.2 | < 2.6 | ✓ |

Data source: Dental Health Services Information Management (DenIM) database.

Page 75 Table 23 title should read “Average cost per person of delivering population health programs by population health units, 2017/18”, not “2016/17 to 2017/18”.

Table 23 performance results for 2016/17 (\$) are to be disregarded.

Table 23: Average cost per person of delivering population health programs by population health units, 2017/18

| | 2017/18 (\$) | Target (\$) | Target met |
|--------------|--------------|-------------|------------|
| Average cost | 50 | 19 | x |

Data sources: Epidemiology Branch; Health Service Financial Systems.

Page 81 Table 26 performance column headers should read “2016/17 (%) and 2017/18 (%)”, not “2016 (%) and 2017 (%)”.

Table 26: Percentage of emergency department patients seen within recommended times, by triage category, 2016/17 to 2017/2018

| Triage category | 2016/17 (%) | 2017/18 (%) | Target (%) | Target met |
|-----------------|-------------|-------------|------------|------------|
| 1 | 99.80 | 100.00 | 100 | ✓ |
| 2 | 76.90 | 79.83 | ≥ 80 | x |
| 3 | 40.20 | 43.14 | ≥ 75 | x |
| 4 | 57.30 | 59.39 | ≥ 70 | x |
| 5 | 92.90 | 91.61 | ≥ 70 | ✓ |

Data source: Emergency Department Data Collection.

Pages The Office of the Auditor General Management letter should be
86-87 disregarded and be replaced by The Auditor General Independent
Auditor's Report (Opinions).

The Auditor General Independent Auditor's Report (Opinions) has been published as a separate document on the North Metropolitan Health Service website and intranet.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

NORTH METROPOLITAN HEALTH SERVICE

Report on the Financial Statements

Opinion

I have audited the financial statements of the North Metropolitan Health Service which comprise the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the North Metropolitan Health Service for the year ended 30 June 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Health Service in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Board for the Financial Statements

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Health Service.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the North Metropolitan Health Service. The controls exercised by the Health Service are those policies and procedures established by the Board to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the North Metropolitan Health Service are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2018.

The Board's Responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the North Metropolitan Health Service for the year ended 30 June 2018. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the North Metropolitan Health Service are relevant and appropriate to assist users to assess the Health Service's performance and fairly represent indicated performance for the year ended 30 June 2018.

Matter of Significance

Emergency Department Waiting Times

The Under Treasurer approved the removal of the following indicator as an audited key performance indicator (KPI):

- Percentage of Emergency Department patients seen within recommended times (by triage category)

The approval was conditional on its inclusion as an unaudited performance indicator in the Annual Report and that it be reinstated as an audited KPI following the implementation of a new Emergency Department data collection system. A new system had not been developed at 30 June 2018. Consequently, the KPI has not been included in the audited KPIs for the year ended 30 June 2018. My opinion is not modified in respect of this matter.

The Board's Responsibility for the Key Performance Indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Board determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the North Metropolitan Health Service for the year ended 30 June 2018 included on the Health Service's website. The Health Service's management is responsible for the integrity of the Health Service's website. This audit does not provide assurance on the integrity of the Health Service's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
18 September 2018