

D14/697

Dr Abigail Groves
Inquiry Manager
Parliamentary Accounts Committee
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000



Dear Dr Groves

Re: Inquiry into the Follow up of the Auditor-General's 2013 Financial Audit Reports

I refer to your recent correspondence requesting further information about the actions NSW Health is taking in response to particular recommendations made by the Auditor-General in his 2013 Financial Audit Report to Parliament on Health (Volume Ten) that have been identified as high priority by the Parliamentary Accounts Committee.

Please find attached a response to each of the four questions you have raised in your letter. Should you require further information, please contact [REDACTED], Chief Financial Officer, NSW Ministry of Health, on [REDACTED] or by email to [REDACTED].

Yours sincerely

[REDACTED]

Dr Mary Foley
Secretary, NSW Health

17. 10. 14

**Public Accounts Committee:
Inquiry into the Follow up of the Auditor-General's 2013 Financial Audit Reports**

Responses to Questions on Notice to the Ministry of Health

1. In its submission, NSW Health informed the Committee that a consolidated asset management system is being implemented and that Project Acceptance is underway.

- **How has this testing progressed?**
- **Is the roll-out schedule still on track to take place from August 2014 to March 2015?**
- **Which modules have gone live since August 2014?**

User Acceptance Testing to validate that the built solution matches the requirements agreed upon has been completed for the following core asset management functions.

- Corporate Real Estate
- Facilities Management
- Environmental Sustainability
- Medical Equipment (biomedical equipment initially); and
- Operations & Maintenance.

Testing was conducted by representative groups of subject matter experts from across Health agencies including Local Health Districts (LHDs), HealthShare NSW, Health Infrastructure and the Ministry of Health. All test cases have been executed and Acceptance Certificates signed by Product Acceptance Testing participants. Defects and enhancement requests raised during testing have been recorded and are being tracked and actioned via the Change Request Management System.

The project is currently tracking to schedule. Following completion of testing, the following functionality was made available to Health agencies on the dates below:

Corporate Real Estate, including property data from the Government property register:	29 July 2014
Environmental Sustainability:	1 September 2014
Facilities Management:	30 September 2014
Medical Equipment (biomedical equipment initially):	Planned launch 25 November 2014
Operations & Maintenance:	Planned launch 31 March 2015

It is important to note that the system modules are being made available to Districts on these dates. Full maturity of the system will occur over several years. Modules will be populated and customised progressively by Health agencies. Data completeness and data quality will also mature over time.

2. According to the submission, the eHealth Asset and Facilities Maintenance Performance Program is undertaking readiness assessments of health entities to prepare for system implementation.

- **Do all of the health entities meet the requirements for the system implementation?**
- **If not, what is being done to ensure that these health entities will be prepared for the system implementation?**

- AFM (Asset Facilities Management) Online is required to be made available to Health agencies to act as a single repository for all asset information. A readiness assessment template has been developed and circulated to Health agencies to facilitate readiness assessments and these are progressively being undertaken.

- All Health agencies have met the requirements for system launch of the first three modules by submitting their asset data for population of AFM Online, nominating their users and attending training. This process is being followed and is on track for the final two modules.

- An AFM Communication Network has also been established to provide ongoing support to Health agencies in the initial phase of implementation. The Network is hosted on HSNet and contains support material to assist Health agencies with the implementation of AFM Online. In addition, for each module, WebeX sessions have been coordinated by eHealth for Health agency staff to allow them to raise issues related to implementation and to complement the Communications Network. Feedback from these sessions is routed back to the implementation team.

- Following the Readiness Assessments undertaken with Health agencies, the need for additional support and guidance has been recognised. Key issues include end user training, data maintenance in legacy systems, governance, standards and reporting. The Ministry of Health is assessing a model for assisting with system adoption as follows:
 - The Ministry of Health engaged infrastructure experts, Everything Infrastructure Group, to support the development of the overall NSW Health Asset Management Strategy. The strategy covers the core AFM Framework and priority business outcomes that are to be achieved with the support of the new consolidated AFM Online asset management system. The strategy is mapping out the next steps required at the state-wide and local health entity levels to realise priority outcomes. Chief Executives across health entities have been engaged and the strategy document is scheduled to be delivered by the end of October 2014 with preparation for implementation following the release.
 - The Ministry is also centrally supporting health entities through data cleansing and the coordination of Working Parties for AFM Online system modules and its functions. Working parties have been established for biomedical equipment and medical equipment including nominated experts from a number of LHDs to help guide system implementation, standardisation and user requirements. These groups facilitate both central and peer-to-peer support across the state.

- 3. NSW Health accepted the Auditor-General’s recommendation that health entities should identify the top one per cent of overtime earners and investigate whether excessive reliance on these employees represents value for money. In the Auditor-General’s report of 2013, he noted that “only half the health entities completed this review during the year”.**
- **Have all health entities performed this review this year?**

Annual Service Agreements with LHDs, Specialty Health Networks and Pillars include a requirement to report on progress against the usage of overtime. Reporting against target is scheduled for the quarterly Performance Review meetings for LHDs/ Networks/ Pillars.

LHDs are fully responsible for their budgets and are required to ensure that any overtime payments are appropriate and that hours of work are consistent with safe practice. It should be recognised that for particular instances it can be more cost-effective to engage local clinicians with good local knowledge to work reasonable overtime rather than using contract medical locums.

LHDs that have employees with excessive overtime and call backs payments were asked to indicate how they are addressing the problem including specific actions taken. The strategies being used include reviewing individual Career Medical Officer contracts, reviewing rostering practices, monitoring overtime worked and examining alternative models of service delivery. From 2011 to 2014 total overtime, including call backs, paid by NSW Health has reduced by \$21 million.

The Ministry of Health has requested LHDs and Networks to provide a response by November 2014 on what strategies have, or are being put in place to reduce the number of employees with greater than 500 hours worked overtime (and callbacks). They have also been asked to provide a specific response for each employee who was in the top 50 overtime earners in NSW Health, including but not limited to, whether excessive reliance on these employees represents value for money

Reports have been developed for LHDs which indicates the number of staff, each month and by average Year to Date, who work more than 500 hours overtime and call backs per annum (reported on a pro-rata basis). With the deployment of the State Management Report Service in April 2015, these reports will also be available to cost centre managers to actively manage overtime usage.

- 4. Do all health entities also monitor and report employees who take no or very little leave over a 12 month period?**
- **What is being done to encourage these employees to reduce their leave balance?**

Service Agreements for LHDs, Networks and Pillars include a requirement to report on progress against this target. Reporting against target is scheduled for the quarterly Performance Review meetings for LHDs/ Networks/ Pillars.

Health Entities have been actively managing staff with excess leave and the number of staff with excess leave who took no leave in 2013/14 reduced by over 15%, which is in addition to a 10% decrease which was achieved in 2012/13.

The Ministry of Health has requested LHDs and Networks to provide a response by November 2014 on what strategies have, or are being put in place to reduce the number of employees with greater than 35 days accrued leave. They have also been asked to pay specific attention to employees with greater than 35 days leave who have taken no annual leave in 2013/14.

Regular reporting against excessive leave and employees who have taken no leave in the last 12 months, is being developed in the Statewide Management Report Service (SMRS), which is scheduled for roll out in April 2015.