

**Submission
No 2**

**EXAMINATION OF AUDITOR-GENERAL'S PERFORMANCE AUDIT
REPORTS MAY 2017 - DECEMBER 2017**

Organisation: NSW Health

Date Received: 7 August 2018

Mr Bruce Notley-Smith MP
Chair
Public Accounts Committee
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Our ref S18/327

Dear Mr Notley-Smith

PAC Submission - Medical Equipment Management in NSW Public Hospitals

I refer to your letter of 21 June 2018 seeking NSW Health's submission in response to the Auditor-General's performance audit report titled *Medical Equipment Management in NSW Public Hospitals*.

I am pleased to inform you that significant progress has been made towards implementing the recommendations contained within the audit report. The submission attached at Tab A provides a status report for each individual recommendation.

NSW Health expects to meet the timeline of June 2019 that has been stipulated by the Auditor-General with regard to the implementation of all recommendations relating to the state-wide implementation of the Asset Management and Facilities Management (AFM) Online platform. The implementation of AFM Online is currently being completed across all of our hospitals as a key priority for NSW Health and will further enhance our oversight and management of medical equipment assets.

Should you require further information, please contact Mr Paul Giunta, Director, Corporate Governance and Risk Management, NSW Ministry of Health on 9391 9654 or email Paul.Giunta@moh.health.nsw.gov.au

Yours sincerely



Elizabeth Koff
Secretary, NSW Health



IMPLEMENTATION OF RECOMMENDATIONS

NSW Health

Medical Equipment Management in NSW Public Hospitals

	RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
1	NSW Health should review all services provided by Local Health Districts which use high-value medical equipment (with establishment cost that exceeds \$3 million), to determine whether state-level coordination, service benchmarking and equipment usage reporting is warranted.	Supported with qualification	Health will review services where warranted. Guidance for clinical service qualification planning is provided in the NSW Health Guide to the Role Delineation of Clinical Services. The NSW Framework for New Health Technologies and Specialised Services (GL2017_004) has clear criteria and processes on services/technologies that require state-wide consideration.	June 2018	Completed Health has undertaken a statewide audit of CT and MRI equipment to understand service capacity and capability in the NSW public health system. The report will be used to inform future service planning.	HSP&I
2	NSW public hospitals offering PET-CT services should collect and use patient waiting time data (the difference between the date of referral and the actual date of the scan) as part of improving service efficiency and meeting patient needs.	Supported with qualification	Health is ensuring that there is timely with access to services based on clinical need. There is no clear evidence that patient access is an issue for PET-CT services. The improvement of patient scheduling systems to support efficient business processes should be encouraged and this will need further consideration in relation to other clinical and corporate IT systems being rolled out.	June 2018	Completed Memorandum issued to Chief Executives highlighting the need to collect and use patient waiting time data as part of improving service efficiency and meeting patient needs in relation to timely access to high cost medical imaging services.	HSP&I

3	<p>Local Health Districts should ensure that there is a formal equipment replacement plan at the time of procuring high-value equipment, for both new and existing services. The plan should include an estimated time of replacement. The Ministry of Health should regularly review capital funding implications from these planned equipment replacements.</p>	Supported	<p>The requirement to submit a formal equipment replacement plan is already in place as part of the NSW Health Process of Facility Planning (POFP) policy. LHDs submit the plan to the Ministry of Health as part of either the annual submission process for Locally Funded Initiatives or Asset Strategic Plans.</p>	June 2018	<p>Partially completed</p> <p>To support and further improve the annual planning process in future years, the AFM Online system provides functionality to forecast equipment replacement profiles.</p> <p>Equipment data collection is in progress with an initial focus on medical imaging equipment. The data already in AFM Online is currently being reviewed. The data will then be used to feed into the annual asset planning process from 2019 onwards, with estimated times and costs for replacements.</p>	Asset Management
4	<p>NSW public hospitals should review internal business rules and processes for biomedical equipment management to ensure that:</p>	Supported	<p>NSW Health has commenced the review of business rules and processes for biomedical equipment management in line with the ongoing implementation of the Asset and Facilities Management (AFM) Online system. Health's new State-wide Asset Management Unit will support this review and the system implementation.</p>	June 2019	<p>Partially completed</p> <p>The implementation of the state-wide approach to medical equipment management in response to the Auditor-General report is a targeted outcome under the NSW Health Strategic Priorities for 2018-19.</p> <p>The Ministry has developed a draft Health asset management policy which includes the requirement for Health agencies to implement the audit office recommendations.</p> <p>Health Infrastructure's (HI) state-wide Asset Management team is supporting the state-wide implementation of the Audit Office recommendations. Recruitment is underway for a state-</p>	Asset Management

					<p>wide HI Director role to develop a state-wide strategy and oversee the implementation of the Audit Office recommendations on biomedical equipment management.</p> <p>Current state business rules and processes for biomedical equipment management are being reviewed by individual LHDs as part of their implementation planning for the AFM Online information system.</p>	
4a	<p>equipment is accessible by service technicians for testing and maintenance work, including establishing internal processes to assist service technicians in gaining access to equipment that has missed previous testing and maintenance attempts in accordance with the Australian/New Zealand Standard 3551</p>	Supported	<p>AFM Online will support the process of accessing equipment for regular testing and maintenance. Technicians and nursing staff carefully balance the risk to patients arising from unavailability of equipment.</p>	June 2019	<p>Partially completed</p> <p>AFM Online will support these processes as the AFM Online implementation is continuing (see Item 6).</p>	Asset Management
4b	<p>adequate maintenance records are kept, including descriptions of testing and maintenance work carried out in accordance with the Australian/New Zealand Standard 3551</p>	Supported	<p>The AFM Online system is supporting this ongoing improvement process.</p>	June 2019	<p>Partially completed</p> <p>As per item 6.</p>	Asset Management
4c	<p>there is regular reporting to Local Health District Chief Executives on the compliance of equipment testing and maintenance, including equipment that is tested or</p>	Supported	<p>Health is implementing performance reporting for biomedical equipment management through the AFM Online system.</p>	June 2019	<p>Partially completed</p> <p>As per Items 4 and 6. The AFM Online information system allows for automated reporting on planned maintenance.</p>	Asset Management

	maintained later than scheduled intervals					
4d	there is specified statement of risk tolerance for late equipment testing and maintenance and mechanisms to appropriately prioritise equipment testing and maintenance	Supported	Health will further develop its existing standards for risk tolerance. Health is already prioritising equipment testing and maintenance and the AFM Online system has been configured to provide advanced capability in this area.	June 2019	Partially completed As per Items 4 and 6.	Asset Management
5	Ministry of Health should encourage that all NSW public hospitals have their biomedical equipment management practices reviewed under the new peer review process, and that the review sample from each hospital be increased to more than two pieces of equipment per hospital.	Supported	Every four years, all NSW public hospitals undergo an independent accreditation process. All five audited hospitals have been or are scheduled to be accredited through a process that includes a review of medical equipment management which includes the ongoing cycle of maintenance. To complement the independent hospital accreditation process, the new State-wide Health Asset Management Unit will support internal reviews under inclusion of a peer review process.	June 2019	Partially completed The state-wide biomedical strategy will address this. It is envisaged that internal peer reviews will be concluded and that in-depth peer reviews will be undertaken on a voluntary basis to further validate results.	Asset Management
6	Ministry of Health should complete the implementation of AFM Online for biomedical equipment management	Supported	The AFM Online implementation for biomedical equipment is progressing and is planned to be completed by June 2019.	June 2019	Partially completed In mid-2017, the Secretary mandated the participation of all LHDs in the AFM Online Implementation program. The milestone deliverable due 30 June 2019 includes corrective and planned maintenance as well as performance reporting. Overall, the use of AFM Online for corrective asset maintenance for	Asset Management

					<p>buildings, plant and medical equipment is continuing to increase. As at 30 June 2018, fifteen Health agencies are now using AFM Online to manage corrective maintenance requests, including for biomedical equipment.</p> <p>The HI Asset Management team is scoping a state-wide program to further support planned maintenance.</p>	
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