

Health: 2018–19 results of financial audits

(Report 7: 2019–20).
Tabled 26 November 2019.

Welcome

Welcome to our presentation on the results of our 2018–19 financial audits of health sector entities.

This report assesses the audit results of the Department of Health and 16 hospital and health services, collectively referred to as Queensland health entities. It also assesses the audit results for 12 hospital foundations and three other statutory entities.

Audit results

Entities in the health sector prepared financial reports that are reliable and comply with the relevant laws and accounting standards. We provided unmodified opinions on all entities' statements, except for two of the foundations.

Internal controls

Controls and processes were in place to enable Queensland health entities to prepare reliable financial statements. They continue to address the recommendations from previous years. Some entities will use the new finance system, S/4 HANA—implemented in August 2019—to refine manual controls and processes and address control weaknesses.

S/4 HANA has resulted in changes to key controls and processes.

Implementing any new major system increases the risk of fraud or error, as controls and workflows are established and refined, and staff learn how to use the new system. The department is responding to staff and vendor feedback on the new workflow processes to ensure operational and internal control effectiveness.

The implementation of S/4HANA will be a focus area for our 2019–20 audits.

Financial performance

The financial sustainability of the Queensland health entities is declining. The sector is facing an ongoing challenge to maintain financial sustainability while ensuring patients are not waiting longer for care than clinically recommended.

In 2018–19, eight hospital and health services reported an operating deficit. The deficits in five of these predominately resulted from the individual boards approving investment of surpluses from prior years into projects.

Increasing demand and costs for healthcare services are impacting on the hospital and health services' long-term sustainability. Staff numbers are growing faster than activity, which is putting upwards pressure on costs to deliver services.

The hospital and health services have over \$11 billion in assets, for which there is a growing anticipated maintenance. This \$893 million of maintenance, estimated at 30 June 2019, is likely to put additional pressure on the sector's long-term sustainability.

Future challenges and emerging risks

The department recognises loan receivables from employees for:

- salary overpayments made for late roster changes
- pay day loan transition arrangements.

The rollout of the full functionality of MyHR, an online self-service payroll tool, will enable improved visibility and control of human resource information. It will allow for real-time updates to rosters and allowance entitlements, which should reduce errors relating to under and overpayments.

For more information

For more information on the results, financial performance, and future challenges or emerging risks highlighted in this summary presentation, please see the full report on our website.

Thank you.