

Inaugural Annual Report

2013–14



Office of the Health Ombudsman Inaugural Annual Report 2013–14

Published by the Office of the Health Ombudsman, September 2014
ISSN: 2204-0986



This document is licensed under a Creative Commons Attribution 3.0 Australia licence. You are free to copy, communicate and adapt the work, as long as you attribute the Office of the Health Ombudsman. To view a copy of this licence, visit creativecommons.org/licenses/by/3.0/au

© Office of the Health Ombudsman 2014

For more information contact:

Office of the Health Ombudsman, PO Box 13281 George Street, Brisbane QLD 4003,
email info@oho.qld.gov.au, telephone 133 OHO (133 646).

An electronic version of this document is available at www.oho.qld.gov.au



If you need help in your own language call the Translating and Interpreting Service on 131 450 and tell them:

- the language you speak
- our name – Office of the Health Ombudsman
- our telephone number – 133 646.

TIS will arrange an interpreter so you can talk with us. This service is free to you.

We are committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you need help to understand this publication please let us know and we can arrange an interpreter to share the information with you.

Images:

Where images are included in this annual report, you may only use this image (in its entirety and unaltered) as an integrated part of this entire annual report or as an unaltered integrated part of an extract taken from this annual report.

Disclaimer:

The content presented in this publication is distributed by the Office of the Health Ombudsman as an information source only. The Office of the Health Ombudsman makes no statements, representations or warranties about the accuracy, completeness or reliability of any information contained in this publication. The Office of the Health Ombudsman disclaims all responsibility and all liability (including without limitation for liability in negligence) for all expenses, losses, damages and costs you might incur as a result of the information being inaccurate or incomplete in any way, and for any reason reliance was placed on such information.

Table of contents

Letter of compliance	3
Message from the Health Ombudsman	4
Organisation overview	5
The role of the Office of the Health Ombudsman	5
Our vision and commitment to Queenslanders	6
Our strategic objectives	6
Strategic risks, opportunities and challenges	6
Governance	7
Ethics and Code of Conduct	7
Information systems and record keeping	7
Open data	7
Workforce	8
Organisational structure	8
Executive profiles	8
Health Ombudsman	8
Director of Proceedings and Executive Director, Legal Services	9
Executive Director, Assessment and Resolution	9
Executive Director, Investigations	9
Director, Business Innovation	9
Planning, attraction and retention	10
Financial performance	10
Overview	10
Financial statements	12
Glossary	38
Attachment A – Compliance checklist	39

Letter of compliance



400 George Street, Brisbane
PO Box 13281 George Street Brisbane Qld 4003

www.oho.qld.gov.au
133 OHO (133 646)

29 September 2014

Lawrence Springborg MP
Minister for Health
GPO Box 48
BRISBANE QLD 4001

I am pleased to present the inaugural Annual Report and financial statements for the Office of the Health Ombudsman. The Annual Report and financial statements reflect the period 17 February 2014 to 30 June 2014.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the 'Financial and Performance Management Standard 2009', and
- the detailed requirements set out in the 'Annual report requirements for Queensland Government agencies'.

A checklist outlining the annual reporting requirements can be found on pages 39 and 40 of this report.

Yours sincerely

A handwritten signature in blue ink, reading 'Leon Atkinson-MacEwen'.

Leon Atkinson-MacEwen
Health Ombudsman

Message from the Health Ombudsman

I am extraordinarily proud to present this report as Queensland's inaugural Health Ombudsman. In doing so, I would like to acknowledge the work done by a diverse range of people to ensure that the best possible organisation was in place and functioning on 1 July 2014.

Prior to my accepting the appointment as Queensland's inaugural Health Ombudsman, a great deal of work had been done by the Health Ombudsman Establishment Project Board, led by Dr Michael Cleary PSM, to scope the actions necessary (and to source appropriate start-up funding) to establish the Office of the Health Ombudsman (OHO). The Board guided KPMG through the necessary scoping project, and I am grateful to the members of the Board, particularly Jan Phillips, for their advice, support and guidance over the five months from February to June 2014, in which the bulk of the establishment work occurred.

Members of Jan Phillip's team, led by Bronwyn Nardi, provided excellent support to me, from the provision of comprehensive briefing papers, to guidance and advice in the initial period (February-March) of interim Office establishment. In particular, I would like to thank Amanda Hammer, Miles De Lacey, Sonia Mizzi and Natasha McEwan for their day to day support during that initial period. I would also like to thank Dr Lesley Van Schoubroeck and her staff in the Mental Health Commission for their forbearance in hosting what was at times, I'm sure, a somewhat rowdy OHO project team.

In establishing an organisation *de novo*, it becomes very clear very early on that you need a dedicated team of specialists with expertise in a range of key areas: facilities, human resources, information and communications systems and finance. I was very lucky to be able to find just such a team. From the start I was keen to ensure that we had appropriate accommodation that would meet the needs of the diverse teams that sit within the OHO. I was also keen to ensure that we were able to use technology to drive productivity gains in the workplace (in the near as well as the far term). In achieving these two objectives, I was particularly well-supported by Andrew McKeen and Peter Bonarrigo respectively and the physical establishment of the Office is a testament to their work.

In crafting both internal and external communications, designing and building the OHO website and reaching out to my new stakeholders, I relied wholly on the guidance of Alex Crossley. In project managing the suitability assessments of Health Quality and Complaints Commission (HQCC) staff wishing to join OHO and in the three month recruitment process that saw the identification and engagement of two thirds of the staff of the Office, I could not have asked for better guidance and support from Elizabeth Mandelkow. Finally, the support provided to me and to the rest of the team by Nicole Ralph was inestimable: there seemed to be no task that Nicole was unwilling or unable to assist with.

I wish to make it very clear that the establishment of the Office would not have been possible without Andrew, Peter, Alex, Elizabeth and Nicole.

Leon Atkinson-MacEwen

Organisation overview

The role of the Office of the Health Ombudsman

On 20 August 2013, Parliament passed the *Health Ombudsman Act 2013* with the key objectives of:

- protecting the health and safety of the public
- promoting professional, safe and competent practice by health practitioners
- promoting high standards of service delivery by health service organisations
- maintaining public confidence in the management of complaints and other matters relating to the provision of health services.

From 1 July 2014, the OHO is the single point of entry for complaints relating to both individual registered and unregistered health practitioners, and public, private and not-for-profit health service organisations. The OHO replaces the HQCC and assumes responsibility for certain functions previously performed by the Australian Health Practitioner Regulation Agency (AHPRA) and the health practitioner boards (such as management of serious disciplinary matters). While AHPRA continues as a national regulatory agency, the HQCC ceased operations on 30 June 2014.

The primary functions of the OHO are to:

- receive and investigate complaints about health services and health service providers, including registered and unregistered health practitioners
- decide what action should be taken in relation to those complaints and, in certain instances, take immediate action to protect the safety of the public
- monitor the health, conduct and performance functions of AHPRA and national health practitioner boards
- provide information about minimising and resolving health service complaints
- report publicly on the performance of its functions.

By streamlining the complaints management system, complaints can be processed more expeditiously, tracked and monitored more efficiently, and complainants and health service providers have a simplified process with a single point of contact for all communication and information needs.

The OHO is committed to supporting the Queensland Government's objectives for the community by:

- promoting professional, safe and high quality health service delivery
- providing independent and impartial services and advice
- ensuring transparent and accountable reporting and performance
- strengthening service delivery through streamlined and innovative strategies.

Our vision and commitment to Queenslanders

We strive to be the cornerstone of a transparent, accountable and fair system for effectively and quickly dealing with complaints and other healthcare matters in Queensland.

We are committed to providing a high quality complaints handling, dispute resolution, conciliation and investigation service to Queenslanders. In doing so, we will act fairly, impartially and independently; making well-informed decisions and providing accurate advice to complainants, health service providers and other stakeholders.

Our vision and commitment to Queenslanders is supported by the following values:

- The health and safety of the public are paramount.
- We act independently, impartially and in the public interest.
- We treat people fairly and equitably.
- We respond to complaints in a timely manner. If we cannot assist, we will explain why and, if possible, suggest another action.
- We produce timely and high quality work.
- We develop our capability and use innovative processes to improve our service.

Our strategic objectives

To ensure Queensland's health complaints management system is streamlined, with more expeditious complaints processing and more effective tracking and monitoring, the OHO has developed targeted objectives that it is committed to achieving.

To support the organisation in achieving these objectives during the establishment and growth phase, an interim strategic plan has been developed, building on the legislative objectives to provide a more specific organisational plan. The plan sets the direction and outlines the strategies for the OHO, while having the ability to evolve with the organisation, and the new health complaints management system, as it continues to take shape. The interim strategic plan is available on the OHO website (www.oho.qld.gov.au).

Strategic risks, opportunities and challenges

The following risks have the potential to impact adversely on the OHO's ability to achieve its outcomes and objectives:

- Queensland is now a co-regulatory jurisdiction, in relation to the *Health Practitioner Regulation National Law Act 2009 (Queensland)*, for the first time, requiring new ways of working and engaging with stakeholders.
- The *Health Ombudsman Act 2013* contains unprecedented functions for a health complaints agency in Queensland.
- As a new organisation, there are no benchmarks on which to measure performance.
- The Queensland healthcare system is undergoing significant reform.

The OHO will manage these risks through:

- extensive engagement with all stakeholders (in particular, with AHPRA and the national boards) to ensure that the co-regulatory environment works effectively to benefit all Queenslanders
- ensuring transparent and accountable reporting of our performance
- adopting legislative timeframes as proxy measures of performance until a wider set of key performance indicators are developed
- working closely with key stakeholders in the healthcare reform process to assist them in promoting professional, safe and high quality health service delivery.

Governance

Ethics and Code of Conduct

The OHO has adopted the *Code of Conduct for the Queensland Public Service*. All staff will attend mandatory *Code of Conduct* training, which will be embedded into the staff induction process. The public service values will also be incorporated into the staff induction process through discussion of the values and how they relate to individual staff and the OHO as a whole.

Information systems and record keeping

The OHO is committed to implementing an effective and accessible recordkeeping system and to compliance with the *Public Records Act 2002* and associated information standards.

A draft Business Classification Scheme (BCS) has been developed and will be finalised by 30 September 2014. The BCS is a records management tool used to categorise information resources in a consistent and organised manner.

An implementation partner is being engaged to install the HP TRIM electronic document records management system (eDRMS). Full implementation is scheduled for completion by November 2014.

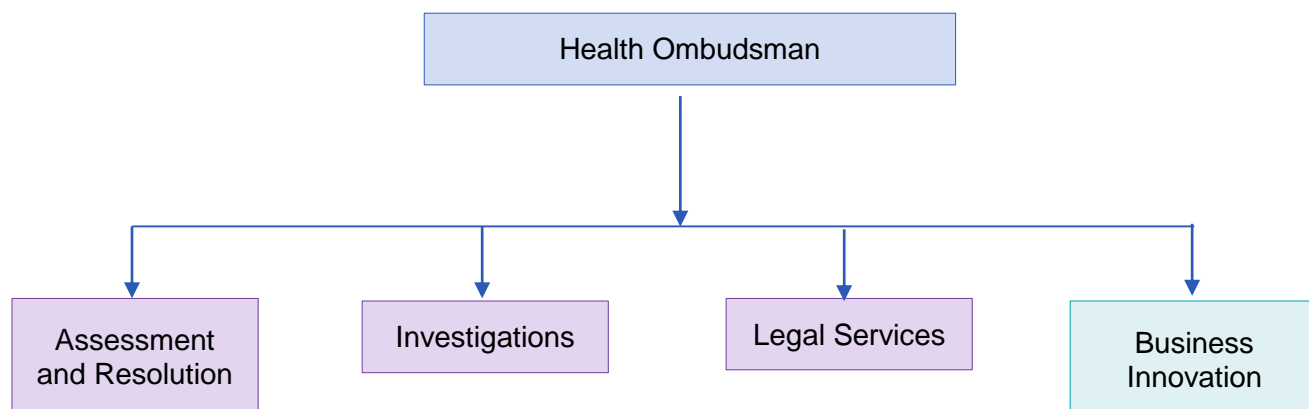
Open data

Information regarding consultancies engaged by OHO in the 2013–14 financial year is available online through the Queensland Government Open Data website (www.qld.gov.au/data). No overseas travel was undertaken by any OHO officers in the 2013–14 financial year.

Workforce

Organisational structure

The diagram below is a high-level representation of the OHO's organisational structure.



Executive profiles

Health Ombudsman

Mr Leon Atkinson-MacEwen commenced his role as the Health Ombudsman on 28 January 2014, following appointment by the Governor in Council on the recommendation of the Minister for Health.

The Health Ombudsman of Queensland is a statutory position that oversees the OHO. The Health Ombudsman is accountable for:

- receiving and investigating complaints about health services and health service providers, including registered and unregistered health practitioners
- deciding what action should be taken in relation to those complaints and, in certain instances, taking immediate action to protect the safety of the public
- monitoring the health, conduct and performance functions of AHPRA and national health practitioner boards
- providing information about minimising and resolving health service complaints
- reporting publicly on the performance of the OHO's functions.

In meeting these accountabilities, the Health Ombudsman must act independently, impartially and in the public interest.

Director of Proceedings and Executive Director, Legal Services

Ms Leonie Paulson joined the OHO as Director of Proceedings and Executive Director, Legal Services on 10 June 2014.

This position oversees the Legal Services Division, which comprises two teams—the Legal Services Team and the Hearings Team.

The Director of Proceedings is a statutory role under the *Health Ombudsman Act 2013* responsible for referring matters to the Queensland Civil and Administrative Tribunal (QCAT). This position is required to maintain independence from the Health Ombudsman in this regard. The Director of Proceedings is supported by the Hearings Team, which is responsible for taking proceedings against health practitioners to QCAT.

The Executive Director, Legal Services leads the provision of legal advice and expertise to the OHO, ensuring that all processes are underpinned by sound legal principles. The position is supported by the Legal Services Team.

Executive Director, Assessment and Resolution

Ms Lisa Pritchard commenced as Executive Director, Assessment and Resolution on 19 May 2014.

This position leads the Assessment and Resolution Division, which manages the assessment and categorisation of complaints received, including the resolution or conciliation of matters that do not warrant a full investigation and the referral of matters to external entities as required.

Executive Director, Investigations

Mr Robbie Wilson joined the OHO as its Executive Director, Investigations on 26 May 2014.

The Executive Director, Investigations is responsible for leading the Investigations Division in formally investigating complaints that have been identified as being of significant importance to public health or safety, or that warrant disciplinary action against a health practitioner in Queensland. Investigations may relate to health service complaints or systemic issues relating to the provision of health services, including issues that may affect the quality of health services.

Director, Business Innovation

Ms Kylie Guthrie commenced as Director, Business Innovation on 10 June 2014.

The Director, Business Innovation is responsible for leading the corporate services functions of the OHO and ensuring innovative and flexible delivery of key human resources, financial, business intelligence, information technology, knowledge management and performance monitoring and reporting functions.

The position has an active role in implementing the strategic direction for the OHO through leading and managing the functions that support its operation.

Planning, attraction and retention

As at 30 June 2014, the OHO had an establishment of 91 full time equivalent (FTE); 16 FTE commenced employment with the OHO prior to 1 July 2014.

With the HQCC scheduled to cease operations on 30 June 2014, all HQCC staff were given the option of participating in a process to determine their suitability for appointment to equivalent roles with the OHO. Thirty-three HQCC staff expressed their interest in the suitability assessment process. While all employees were found suitable, three persons were not offered positions due to there being no direct role matches, and one employee declined the position offered. Subsequently, 29 HQCC staff were appointed to positions within the OHO from 1 July 2014.

All remaining positions, including all senior level positions within the OHO (executive directors and directors) were recruited through open merit processes.

An attraction and retention framework will be developed to ensure the OHO maintains an appropriately skilled workforce.

Financial performance

Overview

The operating result for the OHO for the 2013–14 financial year was \$1.948 million. The major activities undertaken during the year include:

- bulk recruitment activities, including position assessments and psychometric testing
- development of a corporate identity
- creation of a new website to provide a platform for enhanced community engagement and a single point to gather information and make a health service complaint
- installation of telecommunications services
- investment in a new ICT network to provide sufficient capacity to support new technology and applications which increase services and reduce costs
- development of phase one of the OHO's complaint management system.

The remainder of the 2013–14 funds will be used in the 2014–15 financial year to continue the operational establishment of the OHO including:

- implementation of phase two and three of the case management system
- implementation of the HP TRIM records management system
- finalisation of the accommodation fit-out.

The financial impact of these major activities are provided in detail in the audited financial statements provided with this report and on the OHO website (www.oho.qld.gov.au).

Financial position

The financial position provides an indication of our underlying financial health at 30 June 2014. OHO's assets at 30 June 2014 were \$4.429 million and liabilities were \$2.481 million, resulting in a total equity of \$1.948 million.

Financial performance

The income statement shows the total income for 2013–14 as \$5.218 million and expenses as \$3.270 million, finishing the year with an operating surplus of \$1.948 million.

Income

In 2013–14, OHO derived the majority of its income from the Queensland Government through a grant. In future years, additional funds will come from AHPRA, and through investment in interest-bearing deposits.

Expenses

Total operating expenses for 2013–14 were \$3.270 million. The largest expense category was for supplies and services (77 per cent), which included expenses for information technology, property rental, plant and equipment, and the engagement of contractors. The second largest category was employee expenses, which accounted for approximately 22 per cent of expenses.

Assets

The OHO's total assets are valued at \$4.429 million, as at 30 June 2014. Our current assets are valued at \$3.963 million and are available to meet current liabilities, which are valued at \$2.481 million.

Liabilities

Total liabilities for the OHO at 30 June 2014 were \$ 2.481 million, and the largest single liability was \$1.885 million for trade creditors. Remaining liabilities relate predominantly to audit fees, payroll tax and other creditors.

Office of the Health Ombudsman

Financial Statements for the period 17 February 2014 to 30 June 2014

<u>Contents</u>	<u>Page No</u>
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes To and Forming Part of the Financial Statements	7-24
Management Certificate	25
Audit Certificate	26-27

General Information

These financial statements cover the Office of the Health Ombudsman. It has no controlled entities.

The agency is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the agency is:

Level 12, 400 George St
BRISBANE QLD 4000

A description of the nature of the agency's operations and its principal activities is included in the notes to the financial statements.

Office of the Health Ombudsman

Statement of Comprehensive Income

for the period 17 February 2014 to 30 June 2014

	Notes	2014 \$'000
Income from Continuing Operations		
Grants and other contributions	2	5,186
Other revenue	3	32
		<hr/>
Total Income from Continuing Operations		5,218
		<hr/>
Expenses from Continuing Operations		
Employee expenses	4	732
Supplies and services	6	2,526
Depreciation	7	5
Other expenses	8	7
		<hr/>
Total Expenses from Continuing Operations		3,270
		<hr/>
Operating Result from Continuing Operations		1,948
		<hr/>
Total Comprehensive Income		1,948
		<hr/>

The accompanying notes form part of these statements.

Office of the Health Ombudsman

Statement of Financial Position as at 30 June 2014

	Notes	2014 \$'000
Current Assets		
Cash and cash equivalents	9	3,706
Receivables	10	257
Other current assets	11	-
Total Current Assets		3,963
Non Current Assets		
Plant and equipment	12	466
Total Non Current Assets		466
Total Assets		4,429
Current Liabilities		
Payables	13	1,928
Accrued employee benefits	14	52
Other liabilities	15	501
Total Current Liabilities		2,481
Total Liabilities		2,481
Net Assets		1,948
Equity		
Accumulated surplus		1,948
Total Equity		1,948

The accompanying notes form part of these statements.

Office of the Health Ombudsman

Statement of Changes in Equity

for the period 17 February 2014 to 30 June 2014

	Accumulated Surplus \$'000	TOTAL \$'000
Balance as at 1st July 2013	-	-
Operating Result from Continuing Operations	1,948	1,948
Balance as at 30 June 2014	1,948	1,948

The accompanying notes form part of these statements.

Office of the Health Ombudsman

Statement of Cash Flows

for the period 17 February 2014 to 30 June 2014

	Notes	2014 \$'000
Cash flows from operating activities		
<i>Inflows:</i>		
Grants and other contributions		5,000
Other		32
<i>Outflows:</i>		
Employee expenses		(653)
Supplies and services		(105)
GST paid to suppliers		(253)
Net cash provided by (used in) operating activities	16	4,021
Cash flows from investing activities		
<i>Outflows:</i>		
Payments for plant and equipment		(315)
Net cash provided by (used in) investing activities		(315)
Net increase (decrease) in cash held		3,706
Cash at beginning of financial year		-
Cash at end of financial year	9	3,706

The accompanying notes form part of these statements.

Office of the Health Ombudsman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 17 FEBRUARY 2014 TO 30 JUNE 2014

	Objectives and Principal Activities of the Agency
Note 1:	Summary of Significant Accounting Policies
Note 2:	Grants and Other Contributions
Note 3:	Other Revenue
Note 4:	Employee Expenses
Note 5:	Key Management Personnel and Remuneration Expenses
Note 6:	Supplies and Services
Note 7:	Depreciation
Note 8:	Other Expenses
Note 9:	Cash and Cash Equivalents
Note 10:	Receivables
Note 11:	Other Current Assets
Note 12:	Plant and Equipment
Note 13:	Payables
Note 14:	Accrued Employee Benefits
Note 15:	Current Liabilities
Note 16:	Reconciliation of Operating Result to Net Cash from Operating Activities
Note 17:	Commitments for Expenditure
Note 18:	Contingencies
Note 19:	Events Occurring after Balance Date
Note 20:	Financial Instruments

Objectives and Principal Activities of the Office of the Health Ombudsman

The Office of the Health Ombudsman commenced on 17 February 2014, with full functions to commence on 1 July 2014. The office will be Queensland's independent health service complaints management agency, and the single point of entry for all health service complaints.

The Office of the Health Ombudsman will become responsible for the health complaints functions previously performed by the Health Quality and Complaints Commission, while also taking responsibility for the management of serious matters relating to the health, conduct and performance of registered health practitioners, which is a function currently performed by the Australian Health Practitioner Regulation Agency. In addition, the Office of the Health Ombudsman will have the ability to deal with matters relating to the health, conduct and performance of non-registered health practitioners.

The role of the Office of the Health Ombudsman is to:

- Protect the health and safety of the public.
- Promote professional, safe and competent practice by health practitioners.
- Promote high standards of service delivery by health service organisations.
- Maintain public confidence in the management of health complaints and other matters relating to the provision of health services.

From 1 July, the Office of the Health Ombudsman will:

- Receive and investigate complaints about health services and health service providers, including registered and unregistered health practitioners.
- Decide what action to take in relation to those complaints and, in certain instances, take immediate action to protect the safety of the public.
- Monitor the health, conduct and performance functions of the Australian Health Practitioner Regulation Agency and national health practitioner boards.
- Provide information about minimising and resolving health service complaints.
- Report publicly on the performance of its functions.

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

The Office of the Health Ombudsman has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2014, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Office of the Health Ombudsman has applied those requirements applicable to not-for-profit entities, as the Office of the Health Ombudsman is a not-for-profit agency. Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The financial statements include the value of all income, expenses, assets, liabilities and equity of the agency. The agency does not have any controlled entities.

(c) Grants and Other Contributions

Grants and contributions which are non-reciprocal in nature are recognised as revenue in the year in which the agency obtains control over them (control is generally obtained at the time of receipt). Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

1. Summary of Significant Accounting Policies (contd)

(d) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

(e) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically. There is no allowance for impairment at 30 June 2014. No bad debts were written off at 30 June.

(f) Acquisitions of Assets

Actual cost is used for the initial recording of all non-current physical asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. However, any training costs are expensed as incurred.

Where assets are received free of charge from a Queensland department (whether as a result of a machinery-of-Government or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from Queensland Government entity, are recognised at their fair value at date of acquisition in accordance with AASB116 *Property, Plant and Equipment*.

(g) Plant and Equipment

Items of plant and equipment with a cost or other value equal to or in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

(h) Depreciation of Plant and Equipment

Plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the agency.

For each class of depreciable asset, where held, the following depreciation rates are used:

<i>Class</i>	<i>Rate%</i>
Plant and Equipment:	
• Office Equipment	25%
• Audio visual equipment	25%
• Leasehold improvements	20%

(i) Impairment of Non-Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the agency determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

1. Summary of Significant Accounting Policies (contd)

(i) Impairment of Non-Current Assets (contd)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(k) Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the agency becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value through profit or loss
- Receivables - held at nominal value
- Payables - held at nominal value

The agency does not enter transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the agency holds no financial assets classified at fair value through profit or loss.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the agency are included in Note 20.

(l) Employee Benefits

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, Salaries and Sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

History to date indicates that on average, sick leave taken in each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

1. Summary of Significant Accounting Policies (contd)

(l) Employee Benefits (contd)

Annual Leave

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments, commercialised business units and shared service providers. Under this scheme, a levy is made on the agency to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

No provision for annual leave is recognised in the agency's financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Long Service Leave

Under the Queensland Government's Long Service Leave Scheme, a levy is made on the agency to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the agency's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The agency's obligation is limited to its contribution to QSuper.

Therefore, no liability is recognised for accruing superannuation benefits in the agency's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Key Management Personnel and Remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury and Trade. Refer to note 5 for the disclosures on key management personnel and remuneration.

(m) Insurance

The agency's risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the agency pays premiums to Workcover Queensland in respect of its obligations for employee compensation.

(n) Services Received Free of Charge or For Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their value can be measured reliably. Where this is the case, an equal amount is recognised as a revenue and an expense.

(o) Taxation

The agency is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the agency. GST credits receivable from, and GST payable to the ATO, are recognised (refer to note 10).

1. Summary of Significant Accounting Policies (contd)

(p) Issuance of Financial Statements

The financial statements are authorised for issue by the Health Ombudsman and the Director Business Innovation at the date of signing the management certificate.

(q) Accounting Estimates and Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

No provision has been made for impairment loss on receivables. This assumes that all debts will be realised, given the nature and small number of debtor transactions recorded.

The Australian government passed its *Clean Energy Act* in November 2011 with a start date of 1 July 2012. The legislation will result in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

From 1 July 2014, the government plans to abolish the carbon tax. The withdrawal of the carbon pricing mechanism is not expected to have a significant impact on the agency's critical accounting estimates, assumptions and management judgements.

On this basis and other information available, the introduction of the carbon pricing mechanism is not expected to have a significant impact on the agency's critical accounting estimates, assumptions and management judgements.

(r) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

No comparative information has been provided as this is the agency's first year of operation.

(s) Implementation of the Shared Services Initiative

The Corporate Administration Agency (CAA) provides the Office of the Health Ombudsman with corporate services under the "Shared Services Provider" model. The fees and terms of the services are agreed through a Service Level Agreement, negotiated annually and include:

- Financial systems and processing
- Human resources recruitment and payroll
- Information systems and support

(t) New and Revised Accounting Standards

The agency did not voluntarily change any of its accounting policies during 2013-14. The only Australian Accounting Standard changes applicable for the first time as from 2013-14 that have had minimal effect on the agency's financial statements as explained below.

AASB 13 *Fair Value Measurement* became effective from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements apply to all of the agency's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. As at 30 June 2014, the agency has no asset or liabilities measured at fair value and the standard has no impact on the agency.

1. Summary of Significant Accounting Policies (contd)

(t) New and Revised Accounting Standards (contd)

A revised version of AASB 119 *Employee Benefits* became effective for reporting periods beginning on or after 1 January 2013. As the agency does not directly recognise any employee benefit liabilities (refer to Note 1(i)), the only implications for the agency were the revised concept of 'termination benefits' and the revised recognition criteria for termination benefit liabilities. If termination benefits meet the AASB 119 timeframe criterion for 'short-term employee benefits', they will be measured according to the AASB 119 requirements for 'short-term employee benefits'. Otherwise, termination benefits need to be measured according to the AASB 119 requirements for 'other long-term employee benefits'. Under the revised standard, the recognition and measurement of 'other long-term employee benefits' are accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 includes changed criteria for accounting for employee benefits as 'short-term employee benefits'. However, as the agency is a member of the Queensland Government central schemes for annual leave and long service leave, this change in criteria has no impact on the agency's financial statements as the employer liability is held by the central scheme. The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. The agency makes employer superannuation contributions only to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the State. Therefore, those changes to AASB 119 will have no impact on the agency.

AASB 1053 *Application of Tiers of Australian Accounting Standards* became effective for reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two Tiers of reporting requirements – Australian Accounting Standards (commonly referred to as 'Tier 1'), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as 'Tier 2'). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the Tier 1 and Tier 2 requirements is that Tier 2 requires fewer disclosures than Tier 1.

Pursuant to AASB 1053, public sector entities like the agency may adopt Tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the Tier 1 requirements. In the case of the agency, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require adoption of Tier 1 reporting by all Queensland Government departments and statutory bodies (including the agency) that are consolidated into the whole-of-Government financial statements. Therefore, the release of AASB 1053 and associated amending standards has had no impact on the agency.

The agency is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury and Trade. Consequently, the agency has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The agency applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below.

1. Summary of Significant Accounting Policies (contd)

(t) New and Revised Accounting Standards (contd)

AASB 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. The agency will need to include in its 2014-15 financial statements the original budgeted figures from the Income Statement, Balance Sheet, Statement of Changes in Equity, and Cash Flow Statement as published in the 2014-15 Queensland Government's Service Delivery Statements. The budgeted figures will need to be presented consistently with the corresponding (actuals) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding original budgeted figures.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014 –

- AASB 10 *Consolidated Financial Statements* ;
- AASB 11 *Joint Arrangements* ;
- AASB 127 (revised) *Separate Financial Statements*
- AASB 128 (revised) *Investments in Associates and Joint Ventures* ; and
- AASB 2011 -7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17].
- AASB 2013-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities*.

AASB 9 *Financial Instruments* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] will become effective for reporting periods beginning on or after 1 January 2017. The main impacts of these standards on the agency are that they will change the requirements for the classification, measurement and disclosures associated with the agency's financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The agency has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the agency's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the agency enters into, it is not expected that any of the agency's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2017-18 financial statements, all of the agency's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in Notes 1(k) and 20). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the agency's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

The agency will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2017-18. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2017-18 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the agency enters into, no significant ongoing disclosure impacts are expected.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the agency's activities, or have no material impact on the agency.

Office of the Health Ombudsman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
PERIOD 17 FEBRUARY 2014 TO 30 JUNE 2014

	2014 \$'000
2. Grants and Other Contributions	
Contributions from Government	5,000
Services received at below fair value	186
Total	<u>5,186</u>
3. Other Revenue	
Interest	32
Total	<u>32</u>
4. Employee Expenses	
<i>Employee Benefits</i>	
Wages and salaries	367
Employer superannuation contributions	* 44
Annual leave levy	* 71
Long service leave levy	* 9
<i>Employee Related Expenses</i>	
Workers' compensation premium	* 1
Payroll tax	* 20
Other	220
Total	<u>732</u>

* Refer to Note 1(l).

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis is:

Number of employees:	<u>16</u>
----------------------	-----------

Office of the Health Ombudsman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 17 FEBRUARY 2014 TO 30 JUNE 2014

5. Key Management Personnel and Remuneration Expenses

(a) Key Management Personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2013-14. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position
Health Ombudsman	The Health Ombudsman is responsible for overseeing the administration and performance of the Office of the Health Ombudsman's functions, including the receipt, assessment, resolution and investigation of health service complaints.	Appointed under S245 of the <i>Health Ombudsman Act 2013</i> by Governor in Council	Appointed 28 January 2014

(b) Remuneration Expenses

The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. The contracts provide for other benefits including motor vehicles. Remuneration policy for the agency's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*.

The following disclosures focus on the expenses incurred by the agency during the respective reporting periods, that is attributable to key management positions. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

Remuneration expenses for key management personnel comprise the following components:-

- Short term employee benefits which include:
 - salaries, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. All amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
 - non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

Office of the Health Ombudsman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 17 FEBRUARY 2014 TO 30 JUNE 2014

5. Key Management Personnel and Remuneration Expenses (contd)

(b) Remuneration Expenses (contd)

- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

1 July 2013 – 30 June 2014

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000				
Health Ombudsman	138	-	\$'000	\$'000	\$'000	\$'000
Total Remuneration	138	-		15	-	156
				15	-	156

(c) Performance payments

No performance payments were made to the Executive Management of the agency.

Office of the Health Ombudsman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
PERIOD 17 FEBRUARY 2014 TO 30 JUNE 2014

	2014 \$'000
6. Supplies and Services	
Corporate service charges	154
Consultants and contractors	549
Employment agency staff	79
Property Lease and rental	421
Repairs and maintenance	1
Minor plant and equipment	273
Supplies and consumables	85
Information technology	956
Communications	8
Total	2,526
7. Depreciation	
Depreciation was incurred in respect of:	
Leasehold	5
Total	5
8. Other Expenses	
External audit fees	* 7
Total	7
* Total audit fees paid to the Queensland Audit Office relating to the 2013-14 financial statements are estimated to be \$7,000 . There are no non-audit services included in this amount.	
9. Cash and Cash Equivalents	
Cash at bank	3,706
Total	3,706

Office of the Health Ombudsman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR
THE PERIOD 17 FEBRUARY 2014 TO 30 JUNE 2014

	2014 \$'000
10. Receivables	
Accounts Receivable	-
	-
GST receivable	253
GST payable	-
	253
Annual leave reimbursements	4
Long service leave reimbursements	-
Total	257
11. Other Current Assets	
Prepayments - Salaries and Wages	-
Total	-
12. Plant and Equipment	
Work in progress at cost	315
	315
Leasehold Improvements	
At cost	156
Less: Accumulated depreciation	(5)
	151
Total	466

Plant and Equipment Reconciliation

	<i>Plant and Equipment</i>	<i>Leasehold Improvements</i>	<i>WIP</i>	<i>Total</i>
	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Carrying amount at 1 July	-	-	-	-
Acquisitions	-	156	315	471
Depreciation for period	-	(5)	-	(5)
Carrying amount at 30 June	-	151	315	466

Office of the Health Ombudsman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
PERIOD 17 FEBRUARY 2014 TO 30 JUNE 2014

	2014 \$'000
13. Payables	
Trade creditors	1,885
Audit fees	7
Payroll tax	8
Other creditors	28
Total	1,928
14. Accrued Employee Benefits	
<i>Current Liabilities</i>	
Salary and wage related	8
Annual leave levy payable	36
Long service leave levy payable	7
Superannuation	1
Total	52
15. Other Liabilities	
<i>Current</i>	
Accruals Other	501
Total	501
16. Reconciliation of Operating Result to Net Cash from Operating Activities	
Operating surplus/(deficit)	1,948
Services received below fair value	(156)
Depreciation expense	5
Changes in assets and liabilities:	
(Increase)/decrease in GST receivable	(253)
(Increase)/decrease in leave receivable	(4)
Increase/(decrease) in payables	1,928
Increase/(decrease) in accrued employee benefits	52
Increase/(decrease) in accruals	501
Net cash provided by/(used in) operating activities	4,021

Office of the Health Ombudsman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 17 FEBRUARY 2014 TO 30 JUNE 2014

17. Commitments for Expenditure

(a) Non-Cancellable Operating Lease

Commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

	2014 \$'000
Not later than one year	1,100
Later than one year and not later than five years	5,248
Total	6,348

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

(b) Other expenditure commitments

Other expenditure committed at the end of the period but not recognised in the accounts are as follows:

Payable:

Not later than one year	116
Later than one year and not later than five years	79
	195

18. Contingencies

There are no legal or any other contingencies that are known to the agency at 30 June.

19. Events Occurring after Balance Date

There were no significant events occurring after balance date.

20. Financial Instruments

(a) Categorisation of Financial Instruments

The agency has the following categories of financial assets and financial liabilities:

Category	Note	2014 \$'000
Financial Assets		
Cash and cash equivalents	9	3,706
Receivables	10	257
Total		3,963
Financial Liabilities		
Financial liabilities measured at amortised costs:		
Payables	13	1,928
Total		1,928

Office of the Health Ombudsman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 17 FEBRUARY 2014 TO 30 JUNE 2014

20. Financial Instruments (contd)

(b) Financial Risk Management

The agency's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk.

The agency measures risk exposure using a variety of methods as follows -

Risk Exposure	Measurement method
Credit Risk	Ageing analysis, earnings at risk
Liquidity Risk	Sensitivity analysis
Market Risk	Interest rate sensitivity analysis

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the agency may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

The carrying amount of receivables represents the maximum exposure to credit risk.

No collateral is held as security and no credit enhancements relate to financial assets held by the agency.

The agency manages credit risk through the use of management reports. This strategy aims to reduce the exposure to credit default by ensuring that the agency invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Performance.

The method for calculating any provision for impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

Office of the Health Ombudsman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 17 FEBRUARY 2014 TO 30 JUNE 2014

20. Financial Instruments (contd)

(c) Credit Risk Exposure (contd)

Aging of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2014 Financial Assets Past Due But Not Impaired

	Less than 30 Days \$'000	30-60 Days \$'000	Overdue 61-90 Days \$'000	More than 90 Days \$'000	Total \$'000
Financial Assets					
Receivables	-	-	-	-	-
Total	-	-	-	-	-

No allowance for impairment has been recognised.

(d) Liquidity Risk

Liquidity risk refers to the situation where the agency may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The agency is exposed to liquidity risk in respect of its payables.

The agency manages liquidity risk through the use of management reports. This strategy aims to reduce the exposure to liquidity risk by ensuring the agency has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

Office of the Health Ombudsman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD 17 FEBRUARY 2014 TO 30 JUNE 2014

20. Financial Instruments (contd)

(d) Liquidity Risk

The following table sets out the liquidity risk of financial liabilities held by the agency. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date.

	Note	2014 Payable in			Total
		<1year \$'000	1-5 years \$'000	>5 years \$'000	\$'000
Financial Liabilities					
Payables	13	1,928	-	-	1,928
Total		1,928	-	-	1,928

(e) Market Risk

The agency does not trade in foreign currency and is not materially exposed to commodity price changes. The agency is exposed to interest rate risk through its cash deposits in interest bearing accounts. The agency does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

(f) Interest Rate Sensitivity Analysis

The agency is not sensitive to interest rate movements.

(g) Fair Value

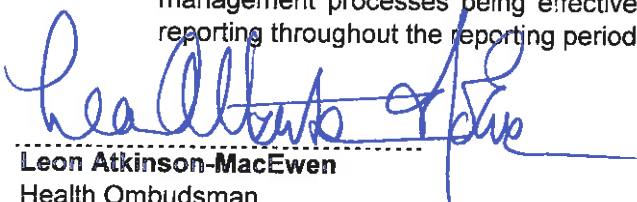
The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any provision for impairment.

The agency has not offset any assets and liabilities.

**Management Certificate
for the Office of the Health Ombudsman**

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62 (1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Office of the Health Ombudsman for the period 17 February 2014 to 30 June 2014 and of the financial position of the entity at the end of that period.
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material aspects, with respect to financial reporting throughout the reporting period.


Leon Atkinson-MacEwen
Health Ombudsman


Kylie Guthrie
Director Business Innovation

Date: 28/8/14

Date: 28/8/14

INDEPENDENT AUDITOR'S REPORT

To the Health Ombudsman

Report on the Financial Report

I have audited the accompanying financial report of Office of the Health Ombudsman, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Health Ombudsman and Director, Business Innovation.

The Health Ombudsman's Responsibility for the Financial Report

The Health Ombudsman is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Health Ombudsman's responsibility also includes such internal control as the Health Ombudsman determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Health Ombudsman, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Office of the Health Ombudsman for the financial year 17 February 2014 to 30 June 2014 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



B R Steel CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

Glossary

AHPRA	Australian Health Practitioner Regulation Agency
ARRs	Annual report requirements (for Queensland Government agencies)
BCS	Business Classification Scheme
eDRMS	Electronic document management system
HQCC	Health Quality and Complaints Commission
OHO	Office of the Health Ombudsman

Attachment A – Compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister	ARRs – section 8	3
Accessibility	Table of contents	ARRs – section 10.1	2
	Glossary		38
	Public availability	ARRs – section 10.2	1
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	1
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 10.4	1
	Information licensing	<i>QGEA – Information Licensing</i> ARRs – section 10.5	1
General Information	Introductory information	ARRs – section 11.1	4 & 5
	Agency role and main functions	ARRs – section 11.2	5
	Operating environment	ARRs – section 11.3	5 & 6
	Machinery of government changes	ARRs – section 11.4	N/A
Non-financial performance	Government's objectives for the community	ARRs – section 12.1	5
	Other whole-of-government plans/specific initiatives	ARRs – section 12.2	N/A
	Agency objectives and performance indicators	ARRs – section 12.3	N/A
	Agency service areas, and service standards	ARRs – section 12.4	N/A
Financial performance	Summary of financial performance	ARRs – section 13.1	10 & 11
Governance – management and structure	Organisational structure	ARRs – section 14.1	8

	Executive management	ARRs – section 14.2	8 & 9
	Related entities	ARRs – section 14.3	N/A
	Government bodies	ARRs – section 14.4	N/A
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994 (section 23 and Schedule)</i> ARRs – section 14.5	7
Governance – risk management and accountability	Risk management	ARRs – section 15.1	N/A
	External scrutiny	ARRs – section 15.2	N/A
	Audit committee	ARRs – section 15.3	N/A
	Internal audit	ARRs – section 15.4	N/A
	Public sector renewal	ARRs – section 15.5	N/A
	Information systems and recordkeeping	ARRs – section 15.6	7
Governance – human resources	Workforce planning, attraction and retention, and performance	ARRs – section 16.1	10
	Early retirement, redundancy and retrenchment	Directive No 11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	N/A
Open Data	Open Data	ARRs – section 17	7
Financial statements	Certification of financial statements	FAA - section 62 FPMS – section 50 ARRs – section 18.1	35
		FAA - section 62 FPMS – section 50 ARRs – section 18.2	36 & 37
	Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3	28



Office of the
**HEALTH
OMBUDSMAN**

Listen. Respond. Resolve.

133 OHO (646)
www.oho.qld.gov.au