FINANCIAL AUDIT REPORT 12 December 2023

Health 2023

Report 6: 2023–24

Queensland Audit Office

Better public services

As the independent auditor of the Queensland public sector, including local governments, the Queensland Audit Office:

- provides professional audit services, which include our audit opinions on the accuracy and reliability of the financial statements of public sector entities
- provides entities with insights on their financial performance, risk, and internal controls; and on the efficiency, effectiveness, and economy of public service delivery
- produces reports to parliament on the results of our audit work, our insights and advice, and recommendations for improvement
- supports our reports with graphics, tables, and other visualisations, which connect our insights to regions and communities
- conducts investigations into claims of financial waste and mismanagement raised by elected members, state and local government employees, and the public
- shares wider learnings and best practice from our work with state and local government entities, our professional networks, industry, and peers.

We conduct all our audits and reports to parliament under the *Auditor-General Act 2009* (the Act). Our work complies with the *Auditor-General Auditing Standards* and the Australian standards relevant to assurance engagements.

- Financial audit reports summarise the results of our audits of over 400 state and local government entities.
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The Honourable C Pitt MP
Speaker of the Legislative Assembly
Parliament House
BRISBANE QLD 4000

12 December 2023

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*.

Brendan Worrall
Auditor-General

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Contents

Acknowledgement

The Queensland Audit Office acknowledges the Traditional and Cultural Custodians of the lands, waters, and seas across Queensland. We pay our respects to Elders past, present, and emerging.

We use the term 'First Nations people' in this report. We respect First Nations people's choice to describe their cultural identity using other terms, such as Aboriginal and Torres Strait Islander peoples, particular peoples, or by using traditional place names.

Report on a page

This report summarises the audit results of Queensland Health entities, which include the Department of Health (the department) and 16 hospital and health services (HHSs). It also summarises the audit results for 13 hospital foundations, 4 other statutory bodies, and 2 entities controlled by other health entities.

Financial statements are reliable, and internal controls are generally effective

We provided 36 audit opinions in the health sector. All health entities' financial statements were reliable and comply with relevant requirements. The minister tabled all health entity's annual reports prior to the legislative time frame, improving on the timeliness of tabling compared to the previous year.

Internal controls (systems and processes) are generally effective, but we identified a significant deficiency (which means it needs to be fixed immediately) in payroll rostering and overtime controls at one HHS. We also identified deficiencies (which need to be addressed, but not as urgently) in rostering controls at 3 other HHSs. We have made recommendations aimed at strengthening controls over rostering and overtime.

Sustainability continues to be a challenge for the sector

The health sector has faced a year of rising costs and has not been able to operate within its original approved expenditure budgets. HHSs increased the level of services that they were able to deliver post-COVID-19, resulting in a need for additional funding. Capital (major) works were also more expensive than budgeted for, reflecting the general cost pressures felt in the construction industry.

State and federal funding for HHSs increased, except for COVID-19-related funding, which decreased.

Workforce challenges continued, with high levels of staff overtime, shortages of staff in certain areas, and high levels of sick leave during the first quarter of 2022–23, coinciding with an increase in COVID-19 cases.

HHSs reported that anticipated maintenance required for their buildings and equipment has grown to $1.448 billion – an increase of $351 million, or 32 per cent since the previous year. The high level of anticipated maintenance means that repairs and maintenance is falling behind and the condition of health facilities is worsening. This indicates that further action is needed to address our recommendation from *Health 2020* (Report 12: 2020–21) that health entities should prioritise high-risk maintenance.

The health system has less capacity to meet demand

In 2022–23, the percentage of outpatients seen by a specialist within clinically recommended times declined for all 3 categories that indicate urgency. (Each has a target time within which patients should be seen.) It is now the lowest it has been in the last 8 years for all categories. This is despite HHSs seeing more patients (by 9 per cent) in 2022–23 compared with 2021–22. The large number of patients (112,000) listed as having waited at least a day longer than the recommended time for a specialist appointment means the HHSs have an increasing backlog of patients they need to provide services to while new patients are being placed on the waitlists. This means more patients are being seen, but less are being seen within the clinically recommended time.

The Queensland Ambulance Service (part of the Department of Health) continues to face growing demand for all its services, including the most urgent ones. The time it takes ambulance crews to transfer patients into the care of emergency departments continues to be well below target. If patient transfer takes longer than 30 minutes, the extra time is considered 'lost' time for the Queensland Ambulance Service. In 2022–23, it lost approximately 160,000 hours – a 19 per cent increase compared to 2021–22. This is not a one-off increase, as 2021–22 had a 20 per cent increase on 2020–21.

1. Recommendations

This year, we have made recommendations to the Department of Health and the hospital and health services (HHSs) relating to employee expenses and asset maintenance.

It is critical that management maintains strong controls over employee expenses, as this is the largest operating expense for health entities. Hospital buildings are also critical in terms of providing health services. It is important that HHSs use structured approaches to assessing and reporting on maintenance that needs to be performed on buildings and other significant capital assets.

Improve controls over rostering and overtime

1. The department and 16 HHSs should:
   - develop a sector-wide policy for the timely submission of pay variation forms
   - reassess more effective and efficient ways to
     - control the approval of and recording of overtime approvals
     - monitor unplanned and planned overtime
   - develop a policy that defines the appropriate level of detail required by an employee to justify overtime hours worked and document the reasons for overtime worked
   - finalise the rollout of an electronic rostering system for nursing and midwifery staff as soon as practicable, and establish a plan and timetable to roll it out for other medical staff (Chapter 3).

Address inconsistencies in calculating anticipated maintenance of assets

2. The department and 16 HHSs should:
   - standardise the process for assessing anticipated maintenance of assets to ensure reliability in reporting and strategic asset management planning across the department and HHSs
   - ensure asset data, including data on the condition of assets, are up to date (Chapter 5).

Status of recommendations made in previous health sector reports

Health entities need to take further action to address the recommendations made in our *Health 2022*, *Health 2021*, and *Health 2020* reports. We continue to identify deficiencies in information security and procurement controls.

In addition, our previous recommendation that health entities should prioritise high-risk maintenance needs further action, as indicated by the significant growth in anticipated maintenance reported this year. We have included a full list of prior year recommendations and their status in Appendix E.

Reference to comments

In accordance with s.64 of the *Auditor-General Act 2009*, we provided a copy of this report to relevant entities. In reaching our conclusions, we considered their views and represented them to the extent we deemed relevant and warranted. Any formal responses from the entities are at Appendix A.

2. Entities in this report

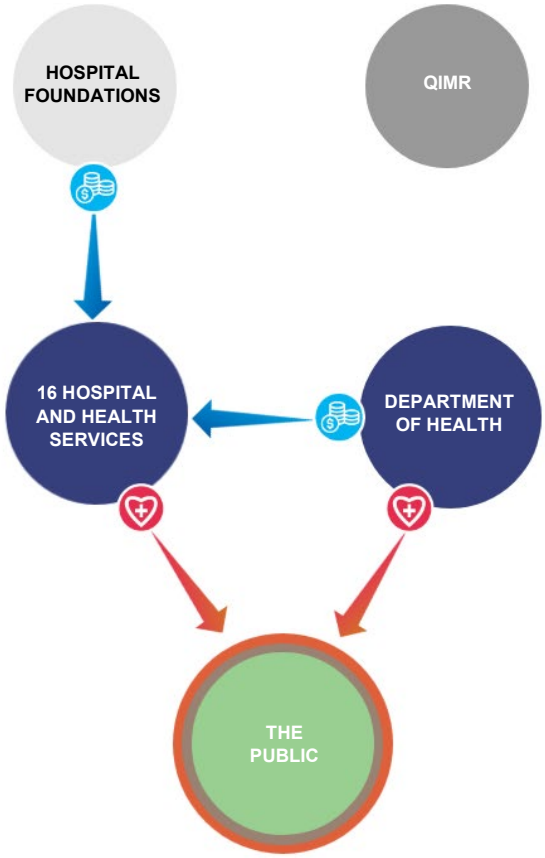
This report summarises the financial audit results for health sector entities.

The Department of Health is responsible for the overall management of Queensland's public health system. The Department of Health works with hospital and health services, which are independent statutory bodies, to deliver health services. The department contracts with each hospital and health service's board via annual service agreements, which establish health services that the department is buying, and the funding that will be provided to each hospital and health service board for delivery of those services.

Figure 2A outlines the main entities and relationships between these entities. Appendix F provides a complete list of the health sector entities for which we have issued an audit opinion and which are covered by this report.

Figure 2A
Queensland health sector

Hospital foundations are registered charities that raise money to help their associated hospitals provide improved facilities as well as educational and research opportunities for staff. They also support the health and wellbeing of communities.



QIMR is a medical research facility that undertakes research with different levels of government, non-government organisations, and private industry.

Hospital and health services provide a range of healthcare services to Queenslanders and work in partnership with the community and the department to meet a range of legislative responsibilities.

Department of Health funds the hospital and health services to provide healthcare, runs the Queensland Ambulance Service, and provides grants for medical research and preventative strategies.

Office of the Health Ombudsman is Queensland's health service complaints agency, promoting professional and safe care by practitioners and health service organisations.

Health promotion

Health and Wellbeing Queensland is a health promotion agency.

Queensland Mental Health Commission encourages and facilitates change to improve the mental health and wellbeing of all Queenslanders.

Source: Queensland Audit Office.

3. Results of our audits

This chapter provides an overview of our audit opinions for entities in the health sector. It also provides conclusions on the effectiveness of the systems and processes (internal controls) entities use to prepare financial statements.

Chapter snapshot

17 unmodified opinions on financial statements
The financial statements of the Department of Health (the department) and all 16 hospital and health services (HHSs) are reliable

21 unmodified audit opinions on financial statements of other entities
13 hospital foundations, 4 other statutory bodies, and 4 controlled entities

4 other audit and assurance opinions
3 unmodified opinions and 1 qualified opinion

1 new significant deficiency
relating to key staff rostering and overtime payment controls at 1 HHS

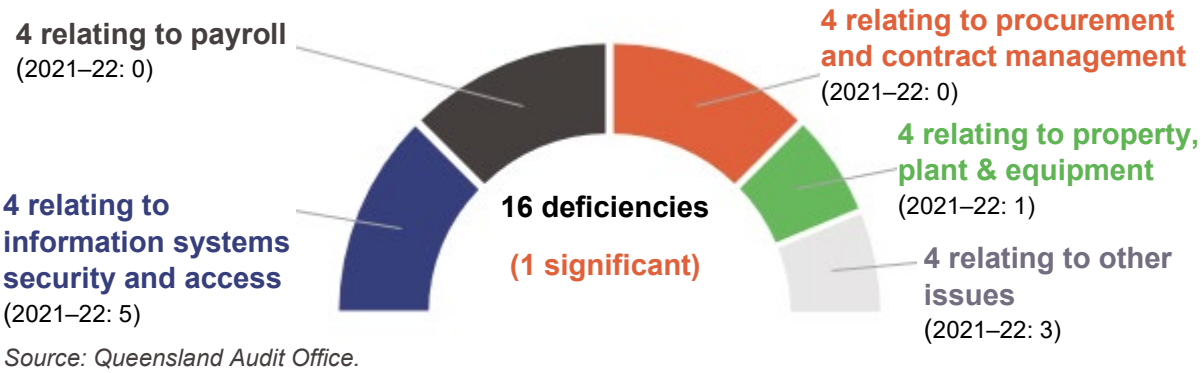
15 deficiencies
identified in 2022–23 (9 in 2021–22)

1 significant deficiency
re-raised relating to our qualified audit opinion for the Annual Prudential Compliance Statement for Queensland Health's aged-care facilities

6 deficiencies
remain unresolved from prior year (5 in 2021–22)

Types of deficiencies in internal controls identified in 2022–23

The figure below shows the types of deficiencies we have identified and includes unresolved issues from prior years as at 30 June 2023. We discuss the main deficiencies in this chapter.



Source: Queensland Audit Office.

Audit opinion results

We issued unmodified audit opinions for all entities in the Queensland health sector, including the department, the 16 HHSs, the 13 hospital foundations, 4 other statutory bodies, and 4 controlled entities. This means the results in their financial statements can be relied upon. Appendix F provides detail about the audit opinions we issued for 38 entities in 2023.

DEFINITION

We express an **unmodified opinion** when financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards.

We **qualify** our opinion when the financial statements as a whole comply with relevant accounting standards and legislative requirements, with the exceptions noted in the opinion.

Significant deficiencies are those of higher risk that require immediate action by management.

Deficiencies are lower risk and can be corrected over time.

Entities tabled annual reports by the legislative deadline, and their timeliness is improving

The timely publication of annual reports, which include audited financial statements, enables parliament and the public to assess the financial performance of public sector entities while the information is still current. The annual reports for entities in the health portfolio were all tabled prior to the legislative deadline of 30 September 2023 across 3 days (the 13 hospital foundations on 27 September, the 4 statutory bodies on 28 September, and the department and 16 HHSs on 29 September). This is a slight improvement from 2022, when annual reports for these entities were tabled on 30 September 2022.

Other audit certifications

We issued a qualified audit opinion for the Annual Prudential Compliance Statement for Queensland Health's aged-care facilities. In this statement, Queensland Health is required to outline to the Australian Government how it has managed refundable accommodation deposits, accommodation bonds, and entry contributions from aged-care residents.

We qualified our audit opinion because of 2 non-compliance issues with the *Aged Care Act 1997* (the Act). We identified instances when entities did not comply with the requirement to enter into accommodation agreements within 28 days of entry to the aged-care facility. We also identified instances where refunds of refundable accommodation deposits, following the death of a resident, were not supported by the documents required under the Act.

Appendix G lists the other audit and assurance opinions we issued.

Entities not preparing financial statements

Not all entities in the health sector produce financial statements. Appendix H lists the entities not preparing financial statements and the reasons why.

Internal controls are generally effective

We assess whether the systems and processes (internal controls) used by entities to prepare financial statements are reliable. We report to management about any deficiencies in the design or operation of those internal controls.

Overall, to the extent that we tested them, we found the internal controls that health sector entities have in place to ensure reliable financial reporting are generally effective, but they can be improved. We identified one new significant deficiency and 15 new deficiencies in the current financial year, of which we assessed 4 as being resolved by the time of our final audits.

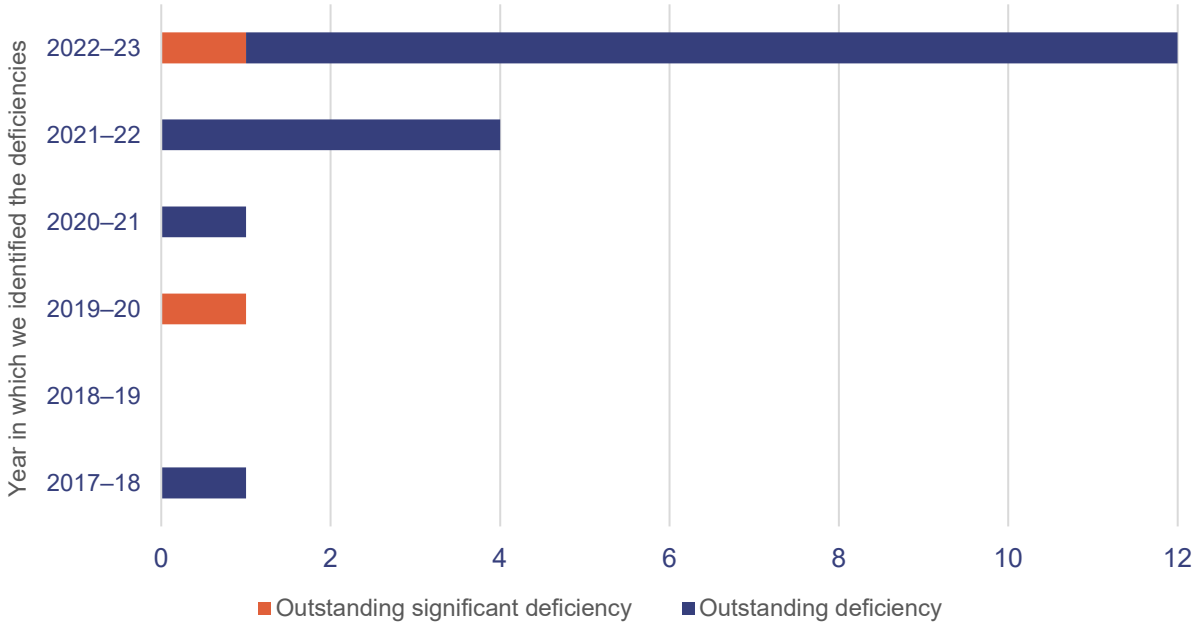
Queensland Health entities (the department and 16 HHSs) have strengthened their internal controls by resolving most long-outstanding issues. In 2022–23, they resolved 10 (59 per cent) of 17 remaining issues raised in previous years (2018 to 2022).

At present, 2 significant deficiencies and 17 deficiencies remain outstanding – 6 from previous years and 11 from this year. The outstanding significant deficiencies relate to:

- our audit of the aged-care Annual Prudential Compliance Statement, which was qualified in 2020–21, 2021–22, and again in 2022–23
- ineffective controls over staff overtime payments at one HHS entity.

Figure 3A shows the number of internal control deficiencies we have identified since 1 July 2017 that were unresolved as of 31 August 2023. All issues from 2016–17 and earlier are resolved.

Figure 3A
Outstanding internal control deficiencies at the department and hospital and health services as at 31 August 2023



Source: Queensland Audit Office.

Payroll – rostering and overtime

Queensland Health is the largest employer in Queensland. It is vital that the entities within it have strong controls over their payrolls, including for rostering and for approving overtime.

Responsibilities for complete and accurate payroll processing are shared between:

- Department of Health service centres, which take responsibility for processing payroll expenses for both departmental and HHS employees
- HHSs, which take responsibility for recruiting, approving employee contracts, setting financial and human resource (HR) delegations, approving rosters, and approving of Attendance variation and allowance claim (AVAC) forms or equivalent. (The AVAC forms are the main mechanism for recording any shift changes, unplanned overtime worked, and other changes to rostered hours for an employee.)

This year, we identified a significant deficiency at one HHS, which had ineffective controls over the approval of unplanned overtime. We noted irregularities and deviations from the HHS AVAC form policy. Some forms had been approved by an executive director, not the direct line manager, as required by the policy. We also found some instances of untimely submission of AVAC forms compared to when the overtime was worked.

This policy requires employees to submit AVAC forms 'as soon as practicable'. This policy is inconsistent with the Department of Health's requirement for AVAC forms to be submitted by the HHS within 2 weeks of overtime being worked. Also, the reasons for the overtime worked were not recorded on the AVAC forms.

We also identified internal control deficiencies specifically relating to approval of rosters and overtime at 4 other HHSs. In these HHSs, we noted instances of rosters being processed without enough or appropriate evidence of approval.

Rosters set out the anticipated work hours for an employee (including planned overtime), and determine an employee's pay. Each HHS is responsible for ensuring rosters are approved by an employee with appropriate financial/HR delegation, prior to being submitted for processing by the department's payroll processing office.

Approval of rosters and AVAC forms are key preventative controls to ensure paid overtime is appropriate. Without evidence of approval on a timely basis, there is a risk that employees are being paid incorrectly, potentially resulting in under or overpayment. Weaknesses in controls can also lead to fraudulent overtime claims being submitted.

Payroll overpayments

The department's financial statements disclose outstanding recoveries of payroll overpayments of $49.8 million as at 30 June 2023 ($49 million as at 30 June 2022). It is recovering these from employees.

We have previously reported on the complexity of the health payroll system, noting that there are multiple employment awards in operation and complex award structures and allowances. The challenge of ensuring accurate payroll payments is increased by the large size of the payroll (more than 125,000 employees on a head count basis) and the working environment. Many employees work across Queensland on a 24-hour roster, and overtime is a frequent occurrence.

The department closely monitors and reports internally on trends in payroll overpayments, reasons for overpayments, and recovery actions. The average value of overpayments each pay period during 2022–23 was around $1.3 million (representing approximately 0.28 per cent of gross pay each pay period), which is consistent with 2021–22. The department has identified that the leading cause of overpayments is the late arrival of forms. They account for around 75 per cent of them.

One of the strategies the department is implementing to improve its payroll processes is the introduction of the Integrated Workforce Management Program (IWFM). IWFM is an integrated electronic rostering solution. The system is expected to enhance the roster-to-pay process and help to address some of the deficiencies relating to use and approval of AVAC forms, as the roster-to-pay process will no longer require paper-based inputs.

We understand that across all HHSs, the IWFM is being rolled out in a staggered approach for the nursing and midwifery cohort, which accounts for approximately 50 per cent of heath employees. To date, it has been implemented in 2 HHSs, with implementation at the remaining 14 planned for between December 2023 and September 2024.

However, medical staff are not included in the approved IWFM rollout plan. Given they account for 68 per cent of overtime expenses, the HHSs still need to take action on the control deficiencies we have identified.

Recommendation for the Department of Health and 16 HHSs

Strengthening of rostering and overtime controls

1. The department and 16 HHSs should:
   - develop a sector-wide policy for the timely submission of pay variation forms
   - reassess more effective and efficient ways
     - to control the approval of and recording of overtime approvals
     - to monitor overtime (unplanned and planned) approval
   - develop a policy that defines the appropriate level of detail required by an employee to justify overtime hours worked and document the reasons for overtime worked
   - finalise the rollout of an electronic rostering system for nursing and midwifery staff as soon as practicable and establish a plan and timetable to include other medical staff.

Procurement and expenses – contracts

Effective procurement processes ensure there is a fair and robust system in place to obtain goods and services. They also assist entities in obtaining value for money.

The department and HHSs have worked to resolve several procurement control deficiencies we have identified since 2017–18, but we continue to identify new areas for improvement. There are currently 6 outstanding deficiencies relating to procurement controls. Of these, we identified 4 in 2022–23, of which we assessed one of these as being resolved by the time of our final audits.

The nature of procurement issues that we reported this year include:

- non-compliance with the requirement to publish details of contracts awarded
- insufficient monitoring of financial delegations
- lack of evaluation of contract performance
- lack of evidence of monitoring of expenditure
- lack of a complete central contract register.

Information systems controls and cyber security

We continue to find weaknesses in information systems controls, and risks to cyber security. We identified deficiencies relating to terminated employees still having access to the network, and weak network password controls. We also identified these in 2022, and have an open recommendation that requires health entities to take further action. (Refer to Appendix E for more detail.)

The department and each HHS jointly manage access to information system resources and users. The department manages the network and provides a dashboard of active users to each HHS for its review. Each HHS is responsible for approving access to the network and notifying the department when access is no longer required. This is a time-intensive task, due to the many position changes that occur daily.

The department has piloted an identity and access management solution to automate the removal of system access when employment ends. The implementation project is in progress, and the department has extended its delivery date to the end of December 2023.

4. Financial performance and sustainability

This chapter analyses the financial performance, position, and sustainability of the Department of Health (the department) and the 16 hospital and health services (HHSs). In our discussion of sustainability, we consider both financial sustainability and emerging issues that may affect the sector.

Chapter snapshot

$1.8 bil.
spend greater than budget (9.9%). 9.6% increase in revenue over budget

8 HHSs
with an operating deficit in 2022–23. This is one more than the previous year

11 per cent
increase in services provided compared to the previous year

11.3 per cent
increase in employee expenses

Employee expenses and workforce pressures

- Shortages of staff, including specialist staff and staff in rural and remote locations
- The need for recruitment drives and incentive packages to boost the health workforce and try to fill vacancies
- Spike in sick leave and overtime in Quarter 1 due to the COVID-19 Omicron wave, and influenza
- The need for additional services, contractors, and consultants to address demand – an increase of 14% over the year.

Current impacts

- System capacity reduced due to sick leave
- Staff overtime and contractor expenses increased to cover staff shortages
- Activity increased by 11%, while expenditure only increased by 8%, indicating improvement in efficiency

Long-term challenges

- Longer waitlists and deferred activities
- Return to activity based funding and financial pressures due to cost exceeding funding
- Ever-changing demographic and health profile of Queenslanders – an ageing population with more complex health conditions

Operating results

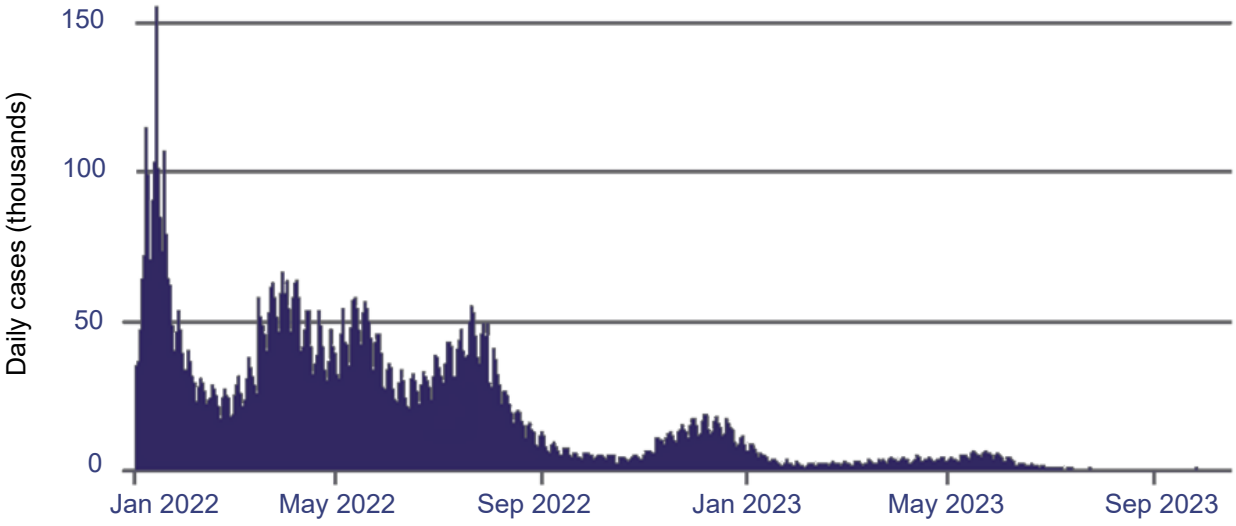
We consider a range of factors in assessing financial performance and sustainability. As the department and HHSs are not-for-profit entities, we place more emphasis on the total cost of services compared to services delivered and on adherence to approved budgets, rather than on whether they achieve a surplus or deficit result.

In 2022–23, overall operating expenditure of the HHSs exceeded budgeted amounts by $1.8 billion or 9.9 per cent (2021–22: $1.4 billion or 8 per cent over budgeted amounts). This increase was largely driven by an increase in the health services delivered – approximately an 11 per cent increase over the previous year. This resulted in the health sector's revenue being 9.6 per cent above budget. The increase in activity reflects a return to a level of normality after the disruptions caused by COVID-19.

Employee-related expenses were approximately $1.3 billion higher than budgeted, reflecting the higher than anticipated costs of renewed enterprise bargaining agreements and superannuation, and increased employee numbers to deliver health services.

On 31 October 2022, the public emergency declared by the Queensland Government for COVID-19 ended and mandates and quarantine requirements were lifted. However, COVID-19 continued to have an impact on the HHSs in the first quarter of 2022–23 (from July to September 2022), particularly when Queensland experienced a large increase in COVID-19 case numbers, as shown in Figure 4A. This affected the HHSs' ability to reduce the backlog of patients on waiting lists.

Figure 4A
COVID-19 daily case numbers in Queensland (2022–23)



Source: Queensland Audit Office, using information from the Australian Government Department of Health and Aged Care.

The combined operating result (the difference between income and expenses) of the HHSs in 2022–23 was a $68 million deficit (2021–22: $42 million surplus). This deficit represents 0.34 per cent of the $20 billion of income received by HHSs (2021–22: the surplus represented 0.23 per cent of total income that year).

Pressure on hospital and health services' operating budgets

The 2022–23 state budget expected only one HHS to make a deficit for the year – Children's Health Queensland HHS. The remaining 15 were projected to have a balanced budget (a zero operating result).

HHS revenue for 2022–23 was impacted by the ceasing of COVID-19-specific support. The Australian Government's minimum hospital funding guarantee to assist HHSs in operating during the COVID-19 pandemic ceased on 30 June 2022. This meant HHSs' funding returned to a model based on their actual delivery of health and hospital services. This funding can be withdrawn or clawed back from individual HHSs if their delivery of services is below target.

In managing the transition from the COVID-19 health emergency, HHSs are now balancing conflicting challenges, such as managing increased demand for healthcare, ensuring the recovery of a workforce under pressure, and trying to provide timely, high-quality health services.

They are under pressure to submit budgets with a zero operating result. The 2023–24 state budget has all HHSs achieving this. However, as at 30 June 2023, 6 HHSs were receiving intensive performance support from the department (which means the department is monitoring them and assisting them to improve their financial position). This indicates there will be further pressure on HHSs' operating results in 2023–24. Achieving a zero-based budget may be unrealistic.

Analysis of health sector expenditure

Total expenditure incurred by HHSs increased by 9.4 per cent this year, from $18.1 billion to $19.8 billion. All HHSs incurred expenses higher than their budgeted amounts, with variances between 1.7 per cent and 12.8 per cent. Additional funding was provided to the department and HHSs to cover their costs and reflect the level of services HHSs delivered.

The drivers for expenditure and delivery of activities this year included:

- impacts of the COVID-19 pandemic, which was still prevalent in the first quarter of 2022–23
- capacity pressures and a significant increase in demand for services. This existed before the COVID-19 pandemic due to population growth and changing demographics (an ageing population)
- issues with recruitment and retention of critical staff members (to prevent high turnover)
- additional time invested in dealing with patients with complex health issues and illness profiles (such as increases in chronic diseases) that were put on hold during the pandemic
- amounts invested in establishing new services (for example, mental health services) to plan for the increase in demand for such services.

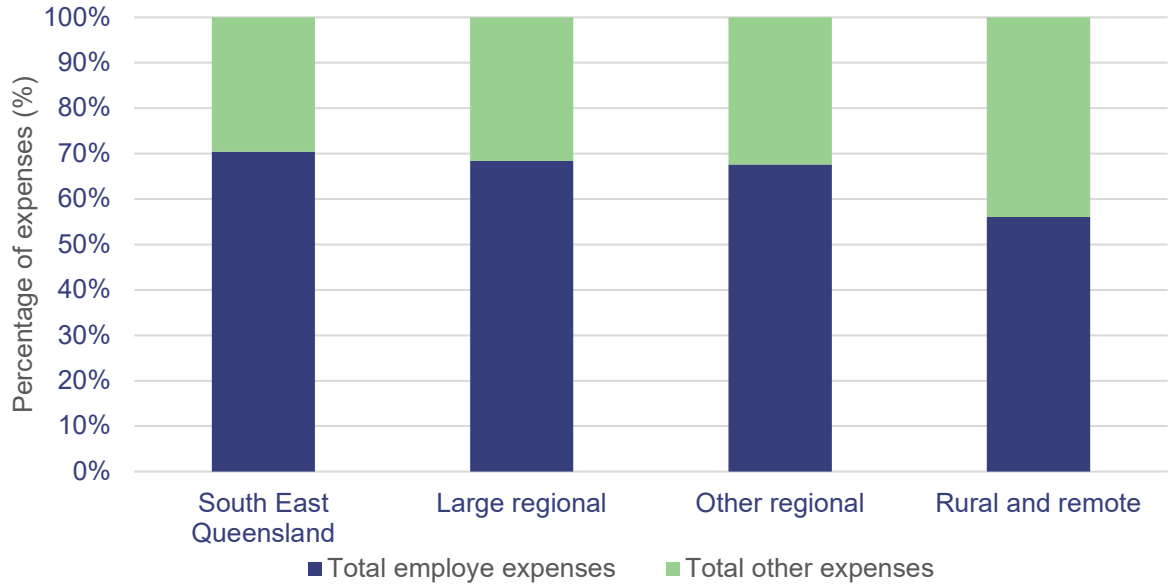
Workforce pressures, and analysis of employee expenses

In 2022–23 Queensland Health faced multiple challenges in growing and maintaining a consistent workforce. Many stemmed from the response to the COVID-19 pandemic (such as the standing down of unvaccinated staff) and efforts to stabilise the demand for health services.

Before the pandemic, most HHSs were already experiencing significant challenges in coping with the increasing demand for services, but since its onset, demand for healthcare services has continued to increase. This has created additional pressure on the healthcare system, which was already at capacity.

As shown in Figure 4B, employee expenses contribute to between 56 per cent and 70 per cent of total expenses across the HHS regions. This is expected, as HHSs operate in a service-based industry that is reliant on a stable workforce to deliver high-quality healthcare services. Rural and remote HHSs have the lowest proportion of employee expenses to total expenses as they have a higher reliance on contract staff.

Figure 4B
Employee expenses as part of total expenses in 2022–23 – by region



Source: Queensland Audit Office, from hospital and health service financial statements 2022–23.

Increase in employee expenses

In total, HHS employee expenses:

- increased from $12.3 billion in 2021–22 to $13.6 billion in 2022–23 (2020–21: $11.5 billion), which is an increase of 11.3 per cent since last year (2020–21: 6.81 per cent increase)
- were above the budgeted amount by 9 per cent (2021–22: 4.75 per cent increase in employee expenses above the budgeted amount).

The increase in total employee expenses this year is partly attributable to a 2.87 per cent increase in the number of full-time equivalent (FTE) staff working in the HHSs. (Full-time equivalent – the number of staff, measured in terms of what proportion of full-time hours they work.) The main factors contributing to the significant increase in employee costs are:

- additional staff taken on in the first quarter of 2022–23 in response to a COVID-19 outbreak
- salary increases driven by enterprise bargaining agreements
- additional labour required throughout the period to increase capacity to deliver services not provided during the COVID-19 pandemic, and to provide new health services
- additional expenses due to HHSs using external clinical contractors to manage workforce shortages and to cover employee leave and backfill – and also due to an increase in agency rates and fees.

Leave balances remain high, but they are stabilising

Leave balances remain elevated as at 30 June 2023 compared to the pre-COVID-19 environment, but they are stabilising. They have slightly reduced since last year, as HHSs return to normal business operations.

Healthcare workers over the course of the pandemic were entitled to 2 additional types of leave:

- COVID-19 response leave (2 days additional leave to be taken by 30 June 2023 – to acknowledge the employees' response to COVID-19)
- special pandemic leave in lieu of sick or carer's leave. (This ceased 30 June 2023.)

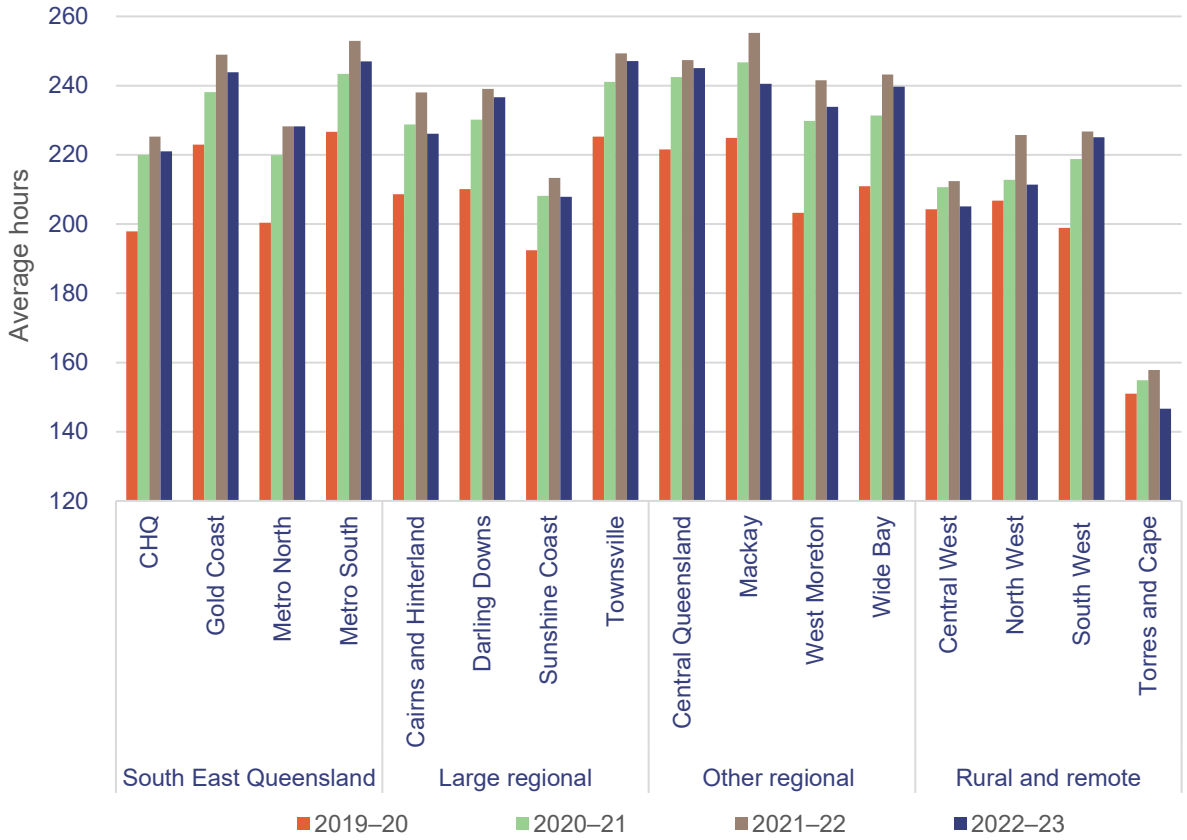
Not all staff have used the additional leave. HHSs were refunded for unused leave balances if not all employees used their COVID-19 response leave.

Recreation leave

Overall, average recreation leave balances decreased by 2 per cent in 2022–23 compared to the previous year. Most HHSs had a decrease in recreation leave balances for staff employed for the full 2022–23 financial year.

However, as shown in Figure 4C, average leave balances per employee are still higher than pre-COVID-19 balances. This indicates workforce pressures are still having an impact on employees taking leave.

Figure 4C
Average recreation leave (hours) for health staff – by hospital and health service and region



Note: Recreation leave balances have been included for staff who were employed from 1 July to 30 June of that financial year. CHQ – Children's Health Queensland.

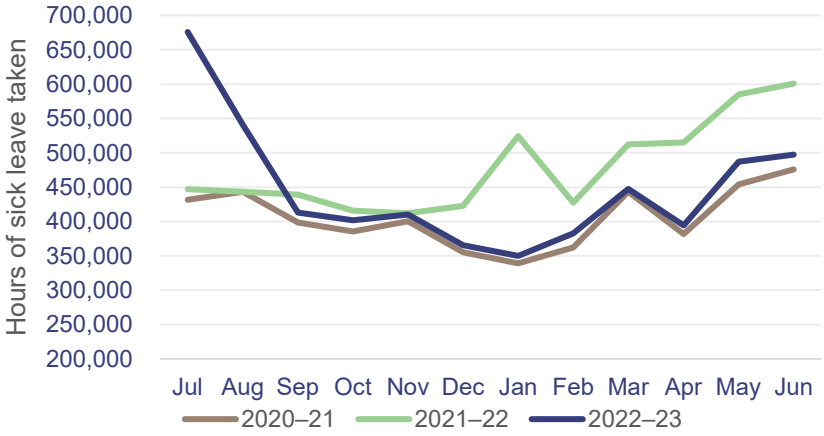
Source: Queensland Audit Office, from Department of Health data.

Sick leave and overtime expenses

Overall, there was a small decrease in sick leave taken and in overtime expenses this year. This decrease is due to the end of large COVID-19 outbreaks.

Overtime expenses are still 20 per cent higher than they were in 2020–21. This shows that although there was a COVID-19 outbreak in the first quarter of the financial year, staff were still working significant amounts of overtime to meet demand. Figures 4D and 4E show sick leave hours and overtime paid over the last 3 years.

Figure 4D
Hours of sick leave taken by health staff in 2022–23 compared to 2020–21 and 2021–22



▼ 7% decrease in sick leave this financial year

▲ 10% increase in sick leave from 2021 financial year

Source: Queensland Audit Office, from Department of Health data.

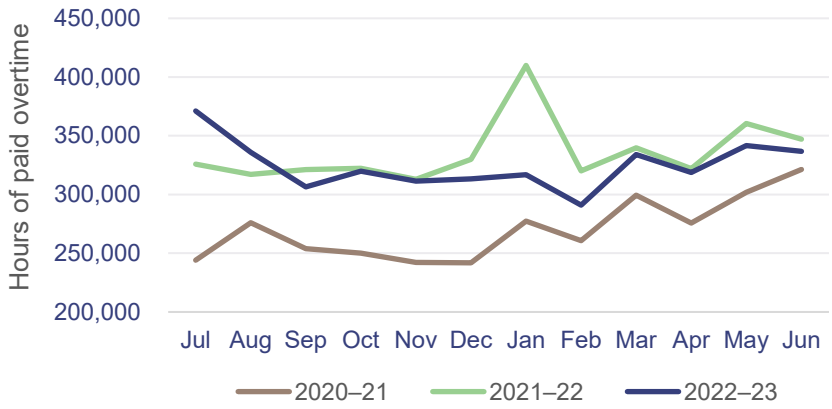
KEY OBSERVATIONS

- July 2022 peak due to COVID-19 outbreak
- January 2022 peak due to COVID-19 outbreak

EXPECTED TRENDS

- Increase in sick leave and overtime in the winter months due to strains of illness (for example, Influenza B in May/June 2023)

Figure 4E
Overtime paid in 2022–23 compared to 2020–21 and 2021–22



▼ 3% decrease in overtime paid this financial year

▲ 20% increase in overtime paid from 2021 financial year

Source: Queensland Audit Office, from Department of Health data.

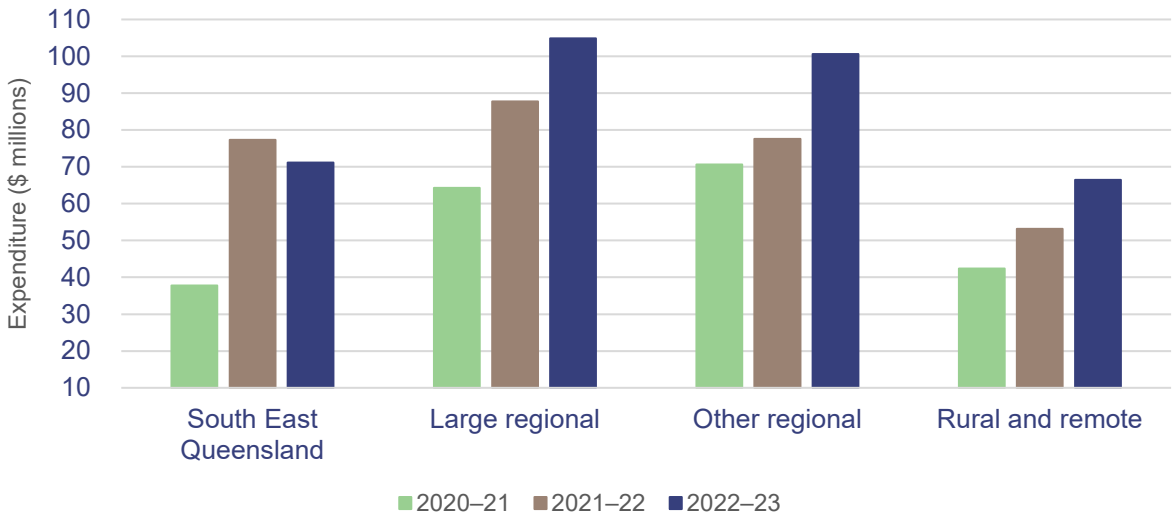
Contracting additional staff

In 2022–23, Queensland Health recorded a 16 per cent increase in expenditure for frontline contractor staff – an increase of $47 million. This was due to the continued increase in demand.

Most of the increase in expenditure was incurred by the regional areas, where the costs of obtaining additional labour are higher.

Figure 4F shows expenditure on frontline contractors across the HHS regions.

Figure 4F
Expenditure on frontline contractors by hospital and health service regions from 2020–21 to 2022–23



Source: Queensland Audit Office, from Department of Health data.

Analysis of expenses for supplies and services

From 2021–22 to 2022–23, HHS expenses for supplies and services increased by $283 million (6.1 per cent). Two of the main drivers of this include a 15.5 per cent increase in pharmaceuticals ($124 million), and an approximately 14 per cent increase in consultants and contractors (both clinical and non-clinical).

Pharmaceuticals increased due to higher medical activity in 2022–23, when deferred clinical services were restarted and demand increased for high-cost drugs for cancer treatments, respiratory illnesses, Cystic Fibrosis, and Hepatitis C.

Also, as already mentioned, HHSs used external clinical contractors and outsourced clinical service delivery to manage workforce shortages, provide coverage for employee leave, and backfill positions. This cost has also risen due to increased agency rates and fees.

Most HHSs have experienced increased costs and demand for travel (for both patients and staff), with domestic travel costs rising by $28 million (20 per cent) this year.

There has also been a general trend across the HHSs of market costs increasing (by an average of 8 per cent this year) for medical consumables, pathology, and prosthetics. This increase has largely been driven by movements noted in the Consumer Price Index (CPI) over the last 2 years, with CPI annual changes at 7.8 per cent in December 2022 and 6 per cent in June 2023.

Analysis of the health sector's income

This year, actual heath sector income of the HHSs was 9.9 per cent above budget, with all HHSs' income higher than projected in the state budget. HHSs reported variances between the actual and budgeted amounts ranging between 2.9 per cent and 15.3 per cent. Any significant variances were mainly found in regional and rural and remote HHSs.

TYPES OF FUNDING FOR HHSs

The 4 main funding sources for HHSs are:

- **state funding** – revenue received from the Queensland Government
- **federal funding** – revenue received from the Australian Government
- **grants and contributions** – including specific purpose grants, such as nursing home and home support program grants; and contributions, such as corporate support services provided by the department
- **own-source revenue** – revenue that HHSs generate through the sale of goods and services. This includes user charges, for example, from billing private patients for hospital services; reimbursements from the Australian Government for medicines listed on the Pharmaceutical Benefits Scheme; and other non-patient revenue, such as retail proceeds.

The main types of government funding for HHSs are:

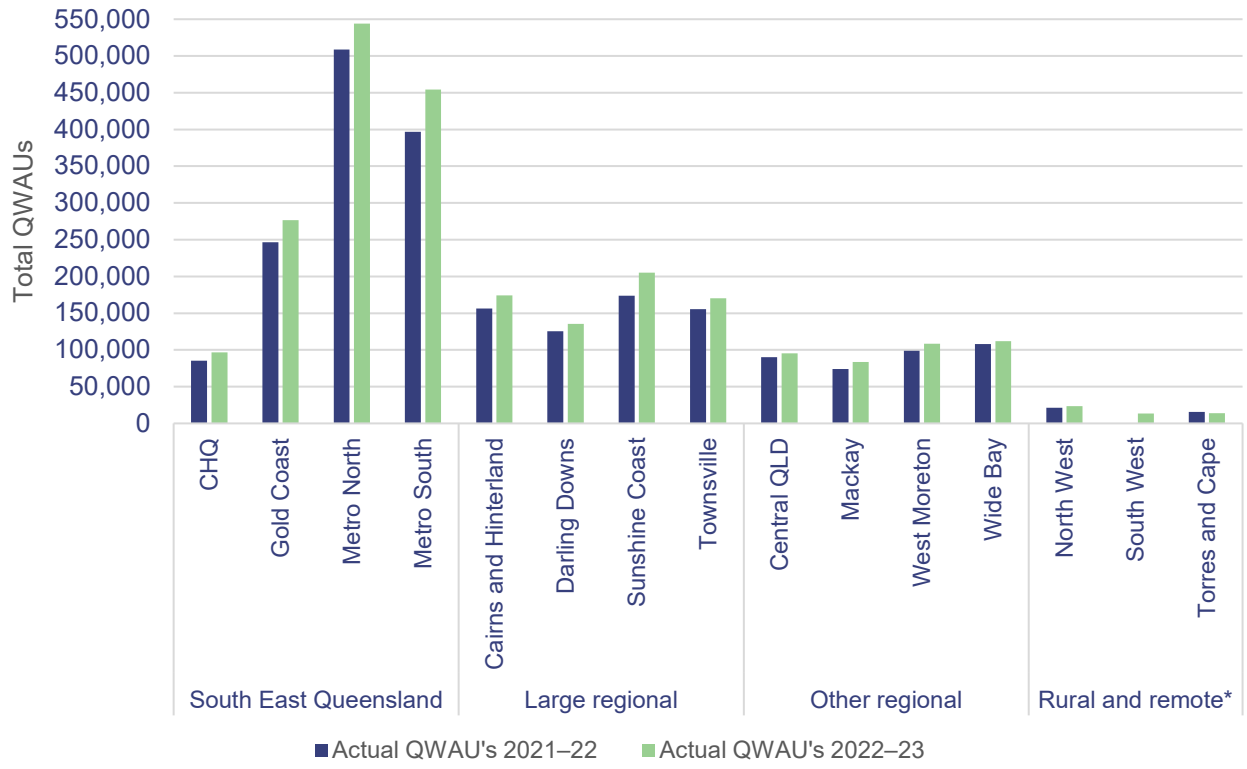
- **activity based funding (ABF)** – This is based on the price, 'weight' (complexity) of service, and number of services provided to patients. Classification of these variables is based on a national schedule, with modifications for the Queensland health system
- **National Efficient Cost (NEC) block funding** – This is mainly for teaching, training, and research in the public health sector; eligible non-admitted services (for example, mental health services); highly specialised therapies; and other public hospital programs. Certain hospitals (rural and regional) only use block funding
- **other funding** – This is for areas that are not covered by ABF and NEC, including population-based community services, and specific funding arrangements for prison health services and third-party health providers.

Service agreements are negotiated between the department and each HHS. The agreements outline the services the department purchases from each HHS, and the amount it pays for those services. Funding is based on the number of patients, number of services, and complexity of services provided, referred to as ABF. Funding can also be provided through block funding (which means they are funded for services outside the scope of ABF). Fifteen of the HHSs are funded partially by ABF. The Central West HHS was funded by other sources this year.

Under the service agreements, the department and HHSs measure service activity using Queensland Weighted Activity Units (QWAUs).

Figure 4G shows that activity increased by 11 per cent this year (2022–23: 2.5 million QWAUs; 2021–22: 2.26 million QWAUs) and was within one per cent of the target activity for 2022–23. Overall, this shows the HHSs have been more efficient in their delivery of activities this year. This was expected, as COVID-19 cases decreased and HHSs began to return to pre-COVID-19 activities.

Figure 4G
Total Queensland Weighted Activity Units (QWAUs) in 2021–22 and 2022–23 – by hospital and health service and regions



Note:* Central West HHS did not report on activity in 2021–22 and 2022–23, and South West did not report on activity in 2021–22, as they did not receive activity based funding in those years. CHQ – Children's Health Queensland. QLD – Queensland.

Source: Queensland Audit Office, from hospital and health service annual reports 2021–22 and 2022–23.

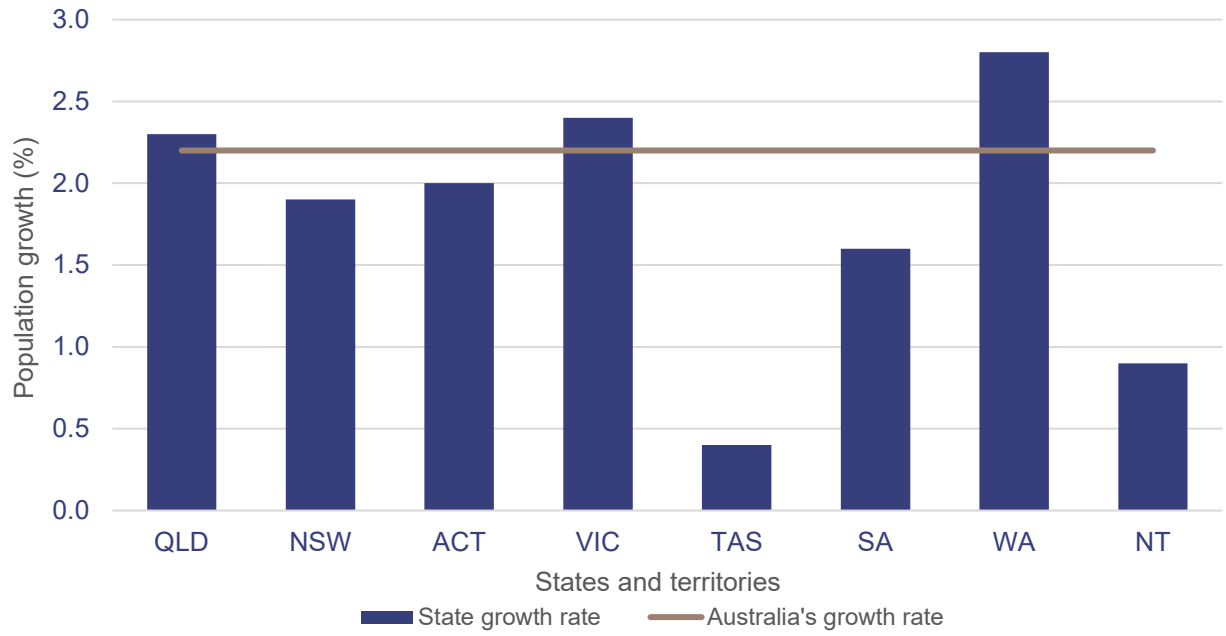
5. Asset management in health entities

Health entities need to effectively manage their assets. They need to plan for future requirements, manage existing assets, and invest in new assets. To achieve the best outcomes, they also need to ensure there is a close relationship between how they manage and maintain existing assets and build new ones.

Queensland's population and age – impact on capital requirements

Queensland makes up 20.5 per cent of Australia's total population. The state's population has been growing steadily, and in 2023, it increased by 2.3 per cent or 124,200 (2022: 1.8 per cent growth).

Figure 5A
Population growth for the states and territories for the year ending 31 March 2023



Note: QLD – Queensland; NSW – New South Wales; ACT – Australian Capital Territory; VIC – Victoria; TAS – Tasmania; SA – South Australia; WA – Western Australia; NT – Northern Territory.

Source: Population estimates: States and territories – Queensland Government Statistician's Office.

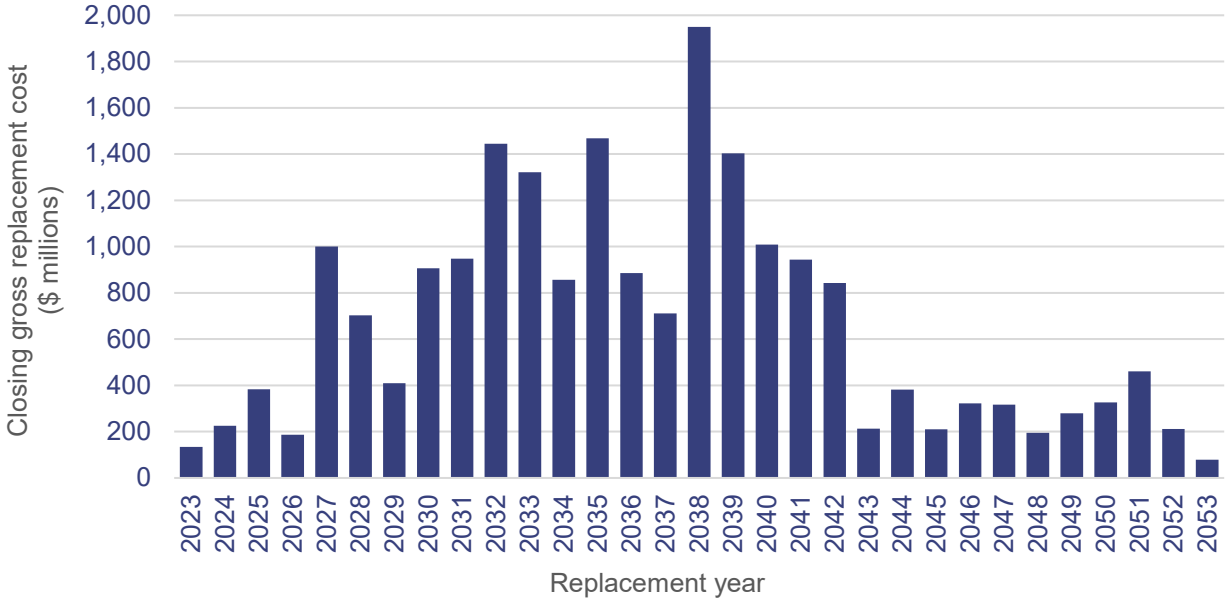
According to the 2021 census, Queensland's population aged 65 years and older has grown by 54 per cent between 2011 and 2021. In 2021, 17 per cent (875,600) of the population was aged 65 years and older, and it is expected to increase to over 1.3 million by 2036 (a 49 per cent increase in a 10-year period). This, together with the overall growth in population, will place additional pressure on the health system and the services it needs to deliver.

Ageing buildings

The health sector needs to plan to replace ageing health infrastructure. For the 2022–23 capital program, the expenditure target was $1.53 billion (excluding an allocation to the Council of the Queensland Institute of Medical Research). The health sector actually spent $1.86 billion in 2022–23 – 21 per cent over the budgeted target.

As shown in Figure 5B, approximately 32 per cent ($7.5 billion) of buildings currently owned by the Department of Health (the department) and the 16 hospital and health services (HHSs) are due to be replaced within the next 10 years, based on their recorded remaining useful lives. (Useful life is the number of years an entity expects to use an asset – not the maximum period possible for the asset to exist.) The Department of Health expects that buildings will however last longer than suggested by their recorded remaining useful lives. This is due to future refurbishment, redevelopment, and other capital maintenance activities, which will extend the lives of these buildings.

Figure 5B
Health sector buildings' closing gross replacement cost – by asset replacement year



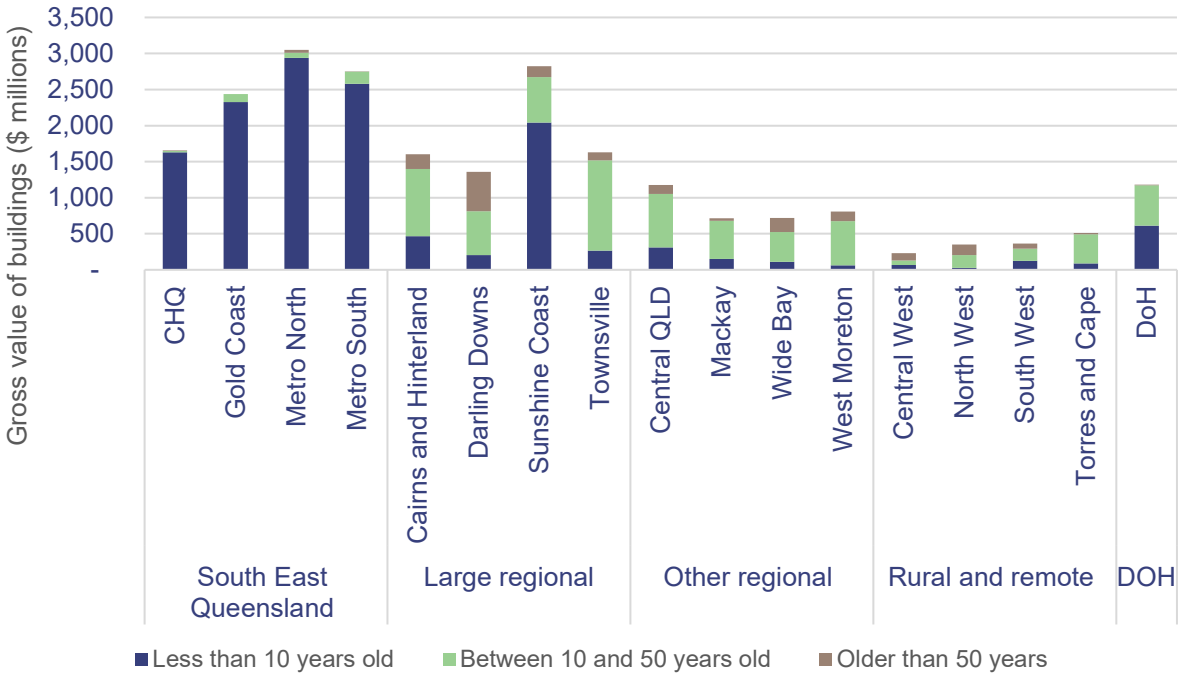
Note: Closing gross replacement cost is the estimated cost to construct a similar asset without adjustments for age and condition of the existing asset as at 30 June each year.

Source: Queensland Audit Office, from Department of Health and hospital and health service asset registers 2023.

Figure 5C shows health sector building ages across the state. Buildings in the regional and rural and remote HHS regions are largely between 10 and 50 years old, but several HHSs, such as Darling Downs, have a larger portion aged over 50 years. The 2023–24 capital budget identifies investments in rural and regional areas, including $1.3 billion for a new Toowoomba Hospital (Darling Downs HHS) and $1.2 billion for a new Bundaberg Hospital (Wide Bay HHS).

The 2023–24 capital budget outlines a $944 million Building Rural and Remote Health Program to enhance and replace aged health facilities and staff accommodation. This will be implemented over the next 6 years, with 10 projects to begin construction in 2023–24.

Figure 5C
Ages of health sector buildings – by hospital and health service and region



Note: CHQ – Children's Health Queensland; QLD – Queensland; DOH – Department of Health.

Source: Queensland Audit Office, from Department of Health and hospital and health service asset registers 2023.

The 2023–24 state budget:

- committed $1.6 billion in funding for health infrastructure, capital works, and purchases to address the growing demand on public health services. This funding will target areas such as hospitals, ambulance stations and vehicles, health technology, mental health services, and information and communication technology
- identified $9.8 billion for a Queensland Health Capacity Expansion Program, which will deliver 2,200 additional beds across 15 facilities in Queensland in the next 6 years. This includes 3 new hospitals and a new cancer centre, and the expansion of 11 existing hospitals.

The health sector faces ongoing challenges in achieving the desired outcomes from its investment in capital works. Current market conditions are placing considerable pressure on costs, and shortages in materials and labour are creating delays in the expected timing of capital expenditure.

This pressure will be magnified over the next 6 years due to the significant pipeline of capital works being delivered across Queensland. There will, for example, be competition for resources with the Olympic and Paralympic Games, energy, and water projects.

Operational costs will need to be included in future budgets to ensure the entities can effectively and efficiently use these assets.

In our *Forward work plan 2023–26,* we have identified infrastructure investment as one of the focus areas for our future performance audits. Effective asset management and investment are critical to long-term financial sustainability. We encourage health sector entities with large infrastructure assets to consider any recommendations contained in our related reports, such as our report on *Improving asset management in local government* (Report 2: 2023–24).

Reported anticipated maintenance of assets

HHSs continue to face significant challenges in funding the anticipated maintenance of their assets.

DEFINITION

Anticipated maintenance (or deferred maintenance) is defined as maintenance that is necessary to prevent the deterioration of an asset or its function, which has not yet been carried out.

The *Queensland Government Maintenance Management Framework* requires the reporting of anticipated maintenance. All Queensland Health entities comply with this framework.

The current cost of anticipated maintenance across the HHSs as of 30 June 2023 was $1.4 billion – an increase of $351 million (32 per cent) from 2022. It is not clear if this movement is due to an increase in anticipated maintenance, or if more stringent asset condition assessments have been performed, resulting in extra pre-existing maintenance requirements now being identified.

While the department and HHSs must comply with the *Queensland Government Maintenance Management Framework*, there is no internal standard that all health entities apply to determine their anticipated maintenance. As a result, there is a risk that the reported figures are not developed on a consistent basis. Examples of differing approaches include:

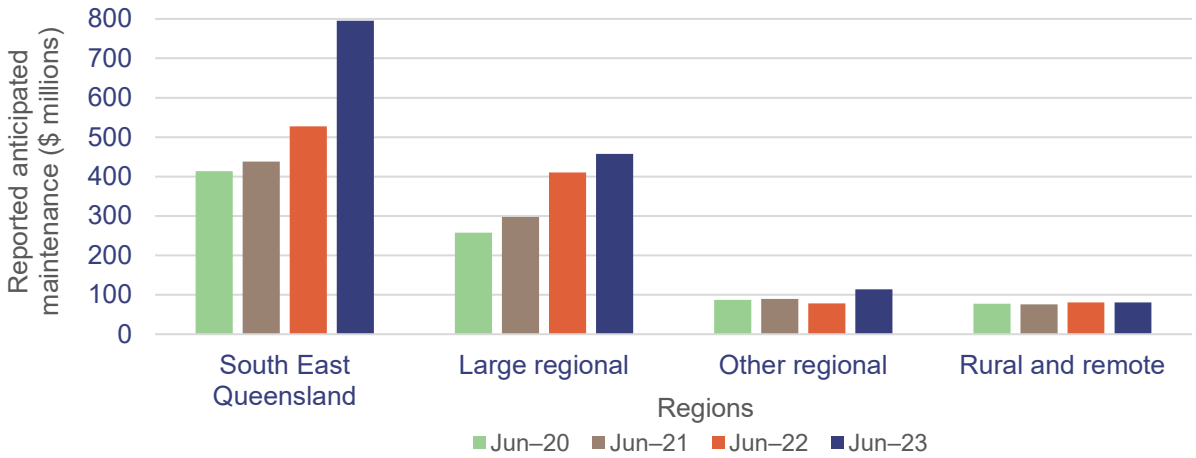
- an anticipated maintenance 'template' that uses data from Queensland Health's finance system
- an internally developed 'model' or software
- preparation by external consultants.

All HHSs report that the underlying data generally comes from condition assessments that are completed every 3 years. These are prepared by a combination of internal staff and external consultants. Additional inputs may include forecasting, field service reports, valuations, and maintenance targets.

Maintenance targets can vary, with the *Queensland Government Maintenance Management Framework* recommending a minimum funding target of one per cent of building replacement value, and Queensland Health previously determining 2.8 per cent of asset replacement value as the budget required to sustain building assets to achieve expected life cycles (this was the percentage identified in service agreements with HHSs up to 2021–22).

Figure 5D shows the growth of 30 June balances for anticipated maintenance over the last 4 financial years for each HHS region.

Figure 5D
Growth in reported anticipated maintenance – by region



Source: Queensland Audit Office from the hospital and health services' annual reports.

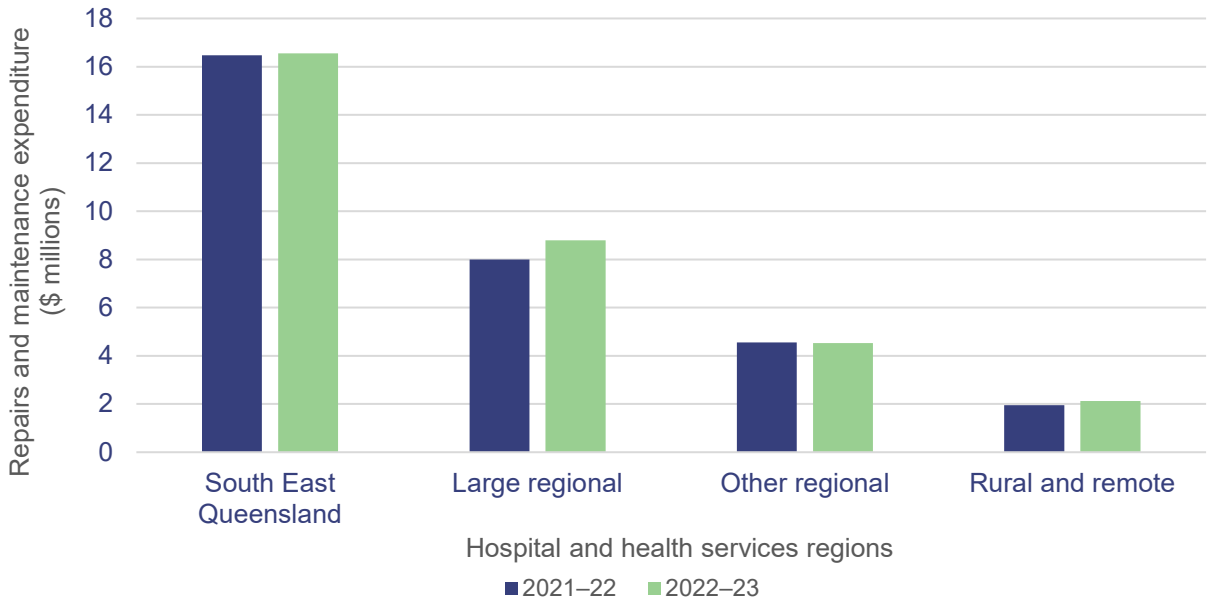
Most HHSs increased their repairs and maintenance expenditure in 2022–23, with an overall increase of 3.4 per cent. Much of this increase can be attributed to cost escalations due to supply chain issues, cost increases in construction material, and labour supply shortages. Given the 32 per cent growth in anticipated maintenance over the same period, HHSs may not have completed all the expected maintenance works, despite spending more due to rising costs.

There is a risk that assets that do not receive required maintenance will deteriorate, which will increase the costs required to keep buildings in their expected condition. There may also be employee and patient safety ramifications (for example, if nurse station duress alarms do not function as required).

All of the health entities should continue work on addressing recommendation 5 from our report *Health 2020* (Report 12: 2020–21), which was to prioritise high-risk maintenance (Appendix E).

Figure 5E shows the actual expenditure on maintenance and repairs for each HHS region between 2021–22 and 2022–23.

Figure 5E
Repairs and maintenance expenditure in 2021–22 and 2022–23 – by region



Source: Queensland Audit Office, from Department of Health data.

Recommendation for the Department of Health and 16 HHSs

Address inconsistencies in calculating anticipated maintenance

2. The department and 16 HHSs should:
   - standardise the process for assessing anticipated maintenance to ensure reliability in reporting and strategic asset management planning across the department and HHSs
   - ensure asset data, including data on the condition of assets, are up to date.

Satellite Hospitals Program

The Satellite Hospitals Program has been underway since 2020, with the government providing funding for the opening of 7 new hospitals in South East Queensland.

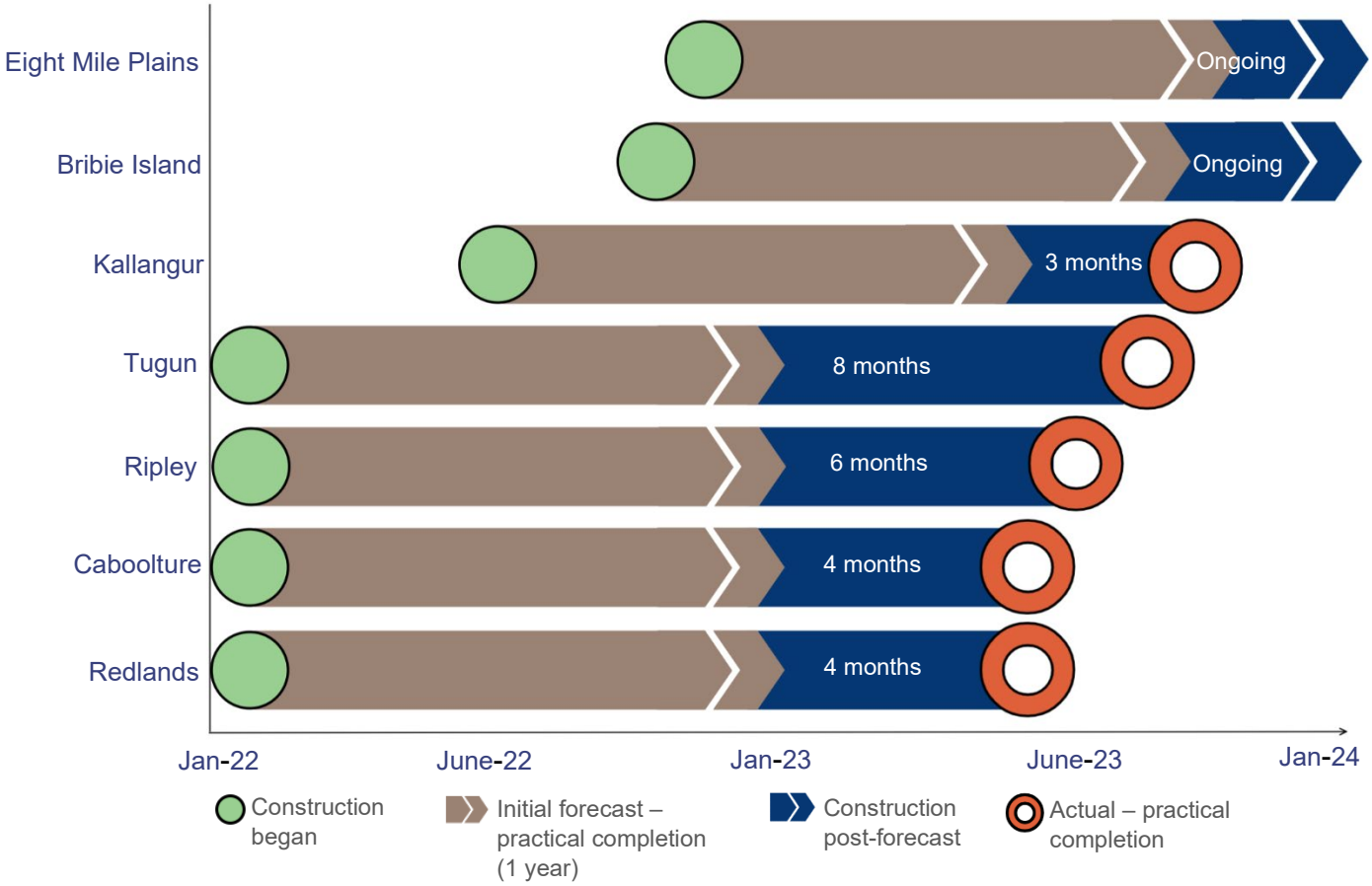
These are designed to support increased demand in major hospitals by delivering urgent care closer to home for non-life-threatening illnesses and injuries and referral-based outpatient services. A business case was developed by the HHSs for each location to identify the range of services to be delivered, these include dialysis, ante- and post-natal services, and chemotherapy.

Construction was initially expected to take approximately 12 months after the government acquired the individual land parcels. However, construction and supply chain issues have caused delays (see Figure 5F).

Three satellite hospitals – Caboolture, Redlands, and Ripley – opened in August 2023. Kallangur and Tugun are expected to open in late 2023, and Bribie Island and Eight Mile Plains in 2024.

The Bribie Island and Eight Mile Plains sites have also experienced significant delays in construction due to unforeseen issues relating to cultural heritage negotiations, inclement weather conditions, and site contamination.

Figure 5F
Satellite hospital construction timeline (forecast and actual)

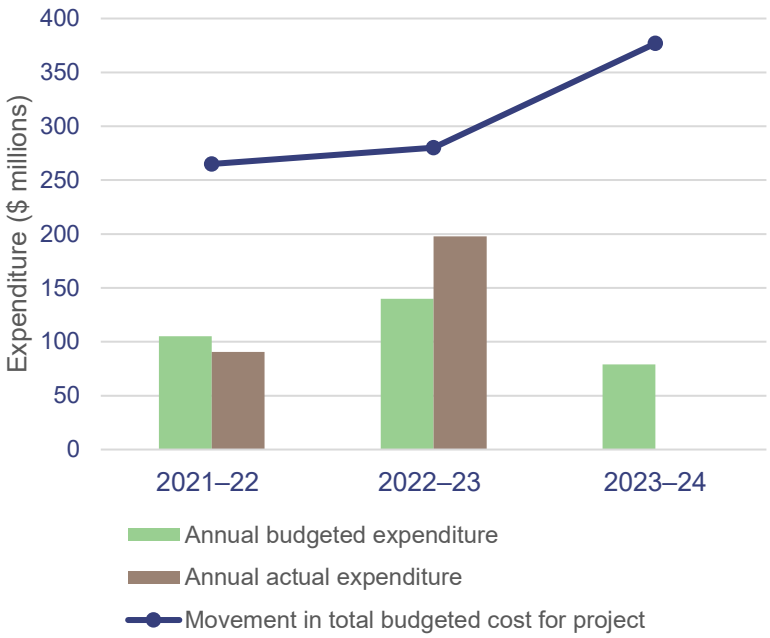


Notes: Practical completion, as defined by the Queensland Building and Construction Commission, means when 'a licensed contractor has completed all work according to the contract, plans and specifications. If there are any defects or omissions, they should only be minor. The work must be reasonably suitable for habitation and comply with all relevant statutory requirements, including the Building Code of Australia'.

Source: Queensland Audit Office from Department of Health forecasting.

Figure 5G shows the annual budgeted expenditure for the Satellite Hospitals Program compared to the actual recorded expenditure. Expenditure in 2022–23 was over budget by 41 per cent.

Figure 5G
Satellite hospital expenditure – budget to actual comparison from 2021–22 to 2023–24



The original (total) budget for the 4-year Satellite Hospitals Program was $265 million in 2021–22 and has increased to $377 million (42% increase from original budget) in the 2023–24 budget.

Source: Queensland Government state budget capital statements and information provided by the Department of Health.

6. Demand for health services

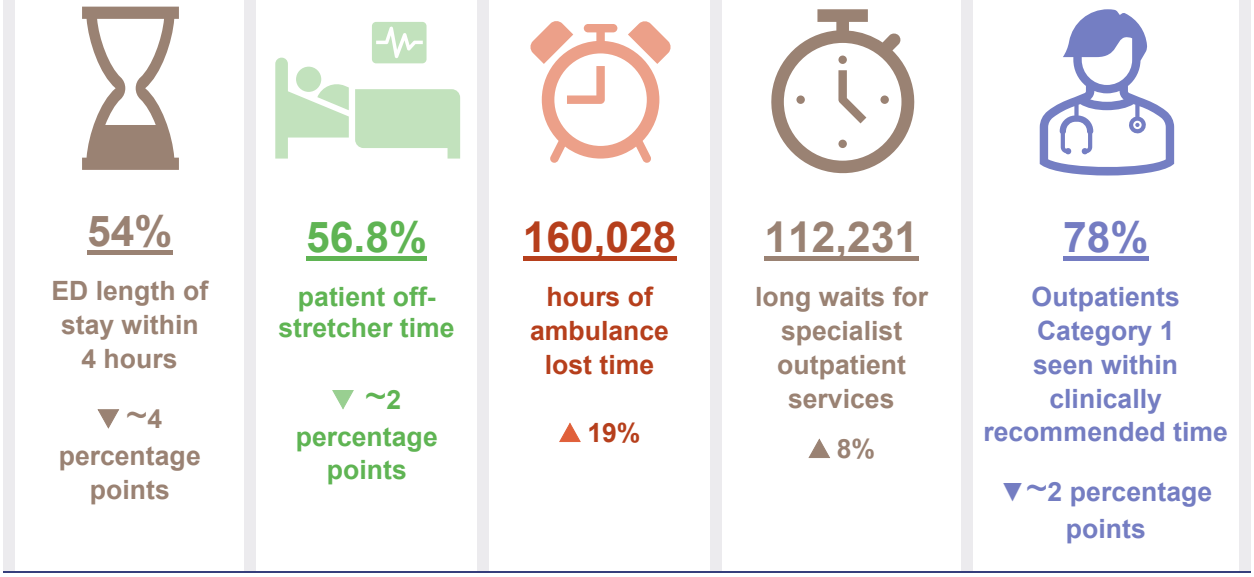
Demand for health services in Queensland continues to increase. A growing and ageing population, and a shortage of general practitioners, are the main contributing factors. However, demand trends vary between geographic areas, and are affected by other factors such as:

- differences in underlying patterns of disease and injury
- the number of hospitalisations needed to treat health conditions
- the availability and accessibility of general practitioners.

In Chapter 4, we discussed the continued workforce pressures (as we reported in *Health 2022*) that reduced the capacity of the health system to address demand pressures. In this chapter, we:

- show how these workforce pressures continue to impact on waitlist times for specialist outpatients and ambulance responses
- provide an update on analysis we have performed in 3 previous reports
  - *Improving access to specialist outpatient services* (Report 8: 2021–22), where we reported that Queensland's growing and ageing population was increasing pressure on demand for the public health system in a time of significant fiscal constraints. As a result, some patients were waiting longer than they should for a specialist outpatient appointment.
  - *Health 2021* and *Health 2022*, where we analysed and provided insights on the root causes of ambulance response times.

Chapter snapshot (key demand measures 2022–23)



Notes: The increase/decrease in numbers in this snapshot shows the variation between the 2022–23 and 2021–22 financial years. Emergency department (ED) length of stay within 4 hours (ELOS) (see pages 26-27), patient off-stretcher time (POST) (see page 30), ambulance lost time (see page 31) figures, and Outpatients Category 1 seen within clinically recommended time (see pages 32–33) are reported against Queensland's top 26 reporting hospitals (refer to Appendix J). Lost time and POST data include priority codes 1 and 2 (emergency and urgent cases). ~ means approximately.

Emergency department presentations

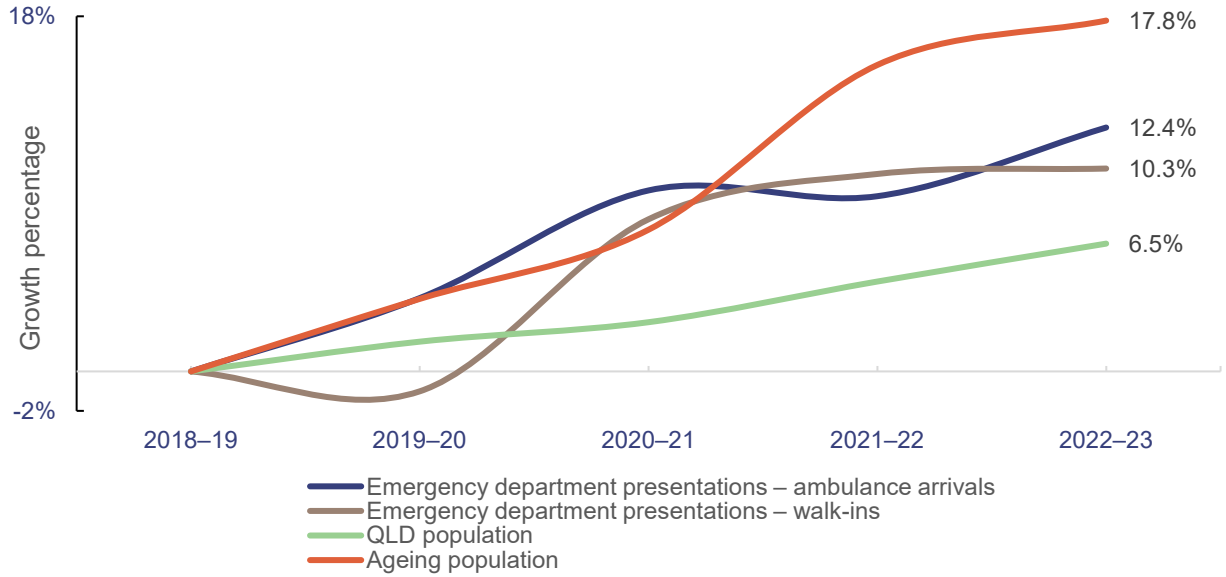
Demand for emergency department services continues to grow, and more people are arriving at emergency departments with complex issues. From 2021–22 to 2022–23, the number of presentations (excluding fever clinics episodes) at emergency departments at the top 26 reporting hospitals in Queensland increased by 1.2 per cent. Over the last 5 years, the growth has been 11 per cent.

The hospital and health service areas experiencing the largest increase in demand in the last 5 years are Cairns and Hinterland HHS (21 per cent), Sunshine Coast HHS (18 per cent), Darling Downs HHS (16 per cent), Townsville HHS (15 per cent), and Metro North HHS (13 per cent).

Figure 6A shows the cumulative annual growth in emergency department presentations by mode of arrival (ambulance and walk-ins) at the top 26 reporting hospitals over the last 5 years compared to Queensland's population growth and ageing population over the same period.

It shows that the increase in emergency department presentations arriving by ambulance was greater than the increase in walk-in presentations in 2022–23, and that all emergency department presentations are increasing faster than the population is growing.

Figure 6A
Cumulative annual growth in emergency department presentations compared to Queensland's population growth and ageing population growth from 2018–19 to 2022–23



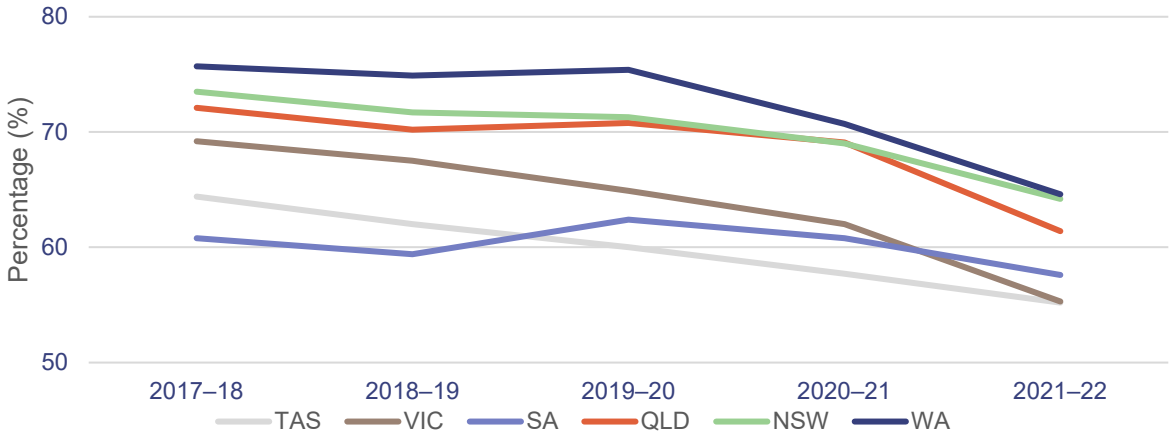
Note: Ageing population refers to the population aged 65 years and older. Emergency presentations data excludes fever clinic (COVID-19 tests) episodes. QLD – Queensland.

Sources: Emergency department presentations: Queensland Audit Office from the Queensland Health – System Performance Branch for the top 26 reporting hospitals. Queensland population: quarterly Australian Bureau of Statistics population data (latest available data as of March 2023) Ageing population: Queensland Audit Office, based on projected figures from 2020 and 2022 Chief Health Officer report and 2021 Census.

In 2022–23, 54 per cent of presentations for the top 26 reporting hospitals in Queensland were completed within 4 hours, down from 58 per cent in 2021–22.

In all states of Australia, more patients are staying longer in emergency departments and fewer emergency department visits are completed in 4 hours or less. In 2021–22, Queensland ranked third out of Australian states for the percentage of emergency department presentations with a length of stay of 4 hours or less. With 61.4 per cent, it was only behind Western Australia (64.6 per cent) and New South Wales (64.2 per cent), as shown in Figure 6B.

Figure 6B
Proportion of presentations to emergency departments with a length of stay of 4 hours or less, by state



Notes: TAS – Tasmania; VIC – Victoria; SA – South Australia; QLD – Queensland; NSW – New South Wales; WA – Western Australia. Data is for all hospitals across the states. Latest-available information is up to the 2021–22 financial year. The target for emergency length of stay of 4 hours or less ranges between 75 to 90 per cent across the states; the target for Queensland is 80 per cent.

Source: Queensland Audit Office, from Australian Institute of Health and Welfare, My Hospitals data.

Ambulance services

In this section, we provide an updated analysis of the demand for ambulance services, and Queensland Health's performance against:

- response times (time from when a call to 000 is answered to when an ambulance arrives at the scene of an emergency)
- patient off-stretcher time (POST), which measures the percentage of patients transferred to the care of an emergency department within 30 minutes
- ambulance lost time, which is measured as the amount of time greater than 30 minutes that a patient remains on Queensland Ambulance Service stretchers.

Demand for ambulance services keeps increasing

The overall demand for ambulance services (emergency and urgent incidents, or Code 1 and 2) has grown by 11 per cent in the last 5 years, with the largest increase occurring from 2018–19 to 2020–21 (7 per cent). Over the last 5 years, Queensland Ambulance Service have attended more complex and higher-priority cases and have experienced a decrease in less complex, yet urgent cases. Since 2018–19:

- code 1 incidents (emergency) have increased by 33 per cent
- code 2 incidents (urgent) have decreased by 9 per cent.

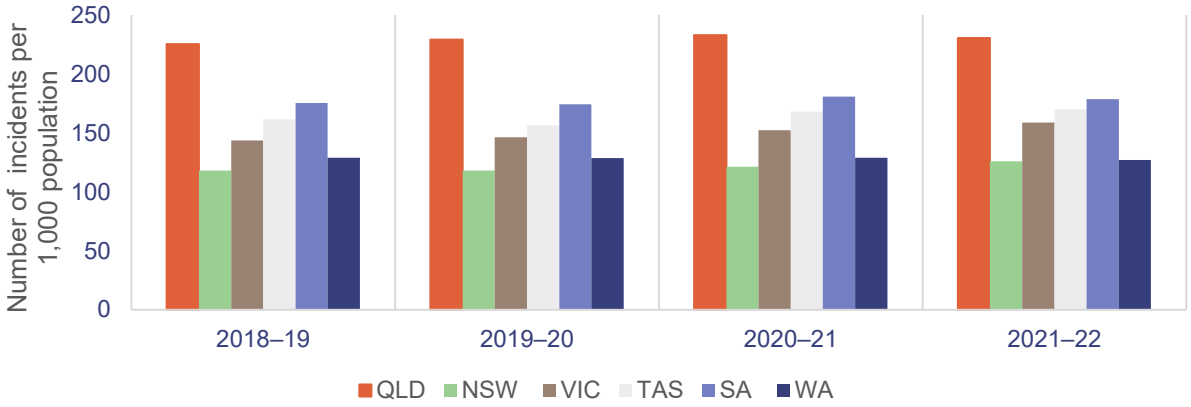
The increase in ambulance demand for emergency cases is driven by an increase in population (especially the increase in people aged 65 years and over) and shifting demographics. According to the 2021 census, around 29 per cent of Queenslanders have one or more long-term health conditions. This contributes to an increase in more complex cases requiring ambulance services.

The number of ambulance incidents (code 1 and 2) reported under the mental health category has increased by 32 per cent over the last 5 years, from about 48,300 incidents in 2018–19 to about 63,800 in 2022–23.

Queensland continues to be the Australian state with the highest number of ambulance incidents per 1,000 population. It has been since 2006–07 (which is the earliest data available in the report on government services).

A likely key reason for this is that the Queensland Ambulance Service is publicly funded. New South Wales has adopted a user-pays model, while Victoria, South Australia, and Western Australia use subscriber models. Figure 6C shows the number of ambulance incidents by state from 2018–19 to 2021–22.

Figure 6C
Ambulance service demand, by state, per 1,000 population

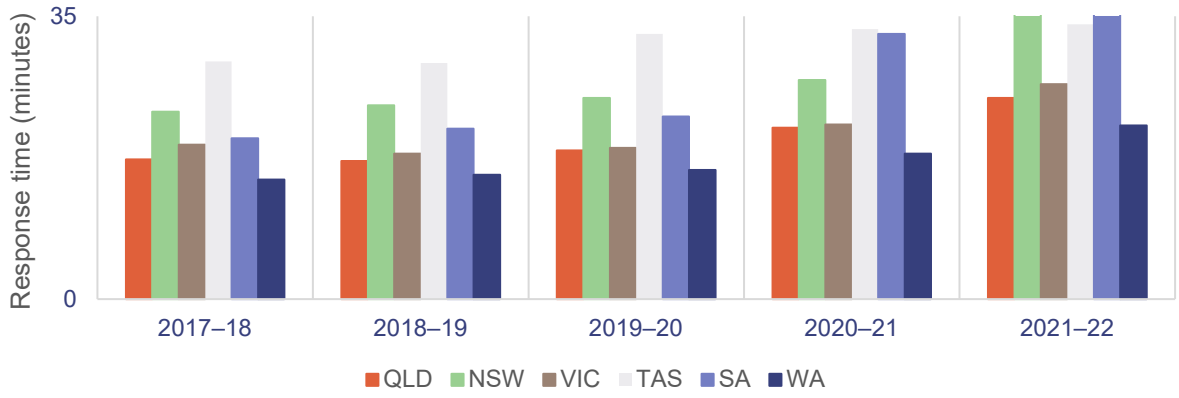


Notes: QLD – Queensland; NSW – New South Wales; VIC – Victoria; TAS – Tasmania; SA – South Australia; WA – Western Australia. Data is for all hospitals across the states. Latest-available information is up to the 2021–22 financial year. Population rates are derived using the 31 December estimated resident population of the relevant financial year.

Source: Queensland Audit Office, from Productivity Commission, Report on Government Services 2022 Part E Section 11 Ambulance Services.

Despite having the highest number of responses in Australia in proportion to population and a 33 per cent growth in code 1 incidents over a 5-year period, the Queensland Ambulance Service continues to achieve better response times for emergency cases (code 1) than most other jurisdictions, as shown in Figure 6D.

Figure 6D
Ambulance service response times (minutes) for code 1, by state, 90th percentile



Notes: QLD – Queensland; NSW – New South Wales; VIC – Victoria; TAS – Tasmania; SA – South Australia; WA – Western Australia. Data is for all hospitals across the states. Latest-available information is up to the 2021–22 financial year. The 90th percentile refers to the time in which 90 per cent of emergency incidents are responded to.

Source: Queensland Audit Office, from Productivity Commission, Report on Government Services 2022 Part E Section 11 Ambulance Services.

Ambulance response times

As we stated earlier, ambulance response times measure how long it takes from when a 000 call is answered to when an ambulance arrives at the scene.

Performance targets for response times are measured in minutes for emergency code 1, but only for the:

- 50th percentile – the Queensland Ambulance Service expects that 50 per cent of ambulances respond to emergency incidents (code 1) in less than 8.2 minutes
- 90th percentile – the Queensland Ambulance Service expects that 90 per cent of ambulances respond to emergency incidents (code 1) in less than 16.5 minutes.

Code 1 response times

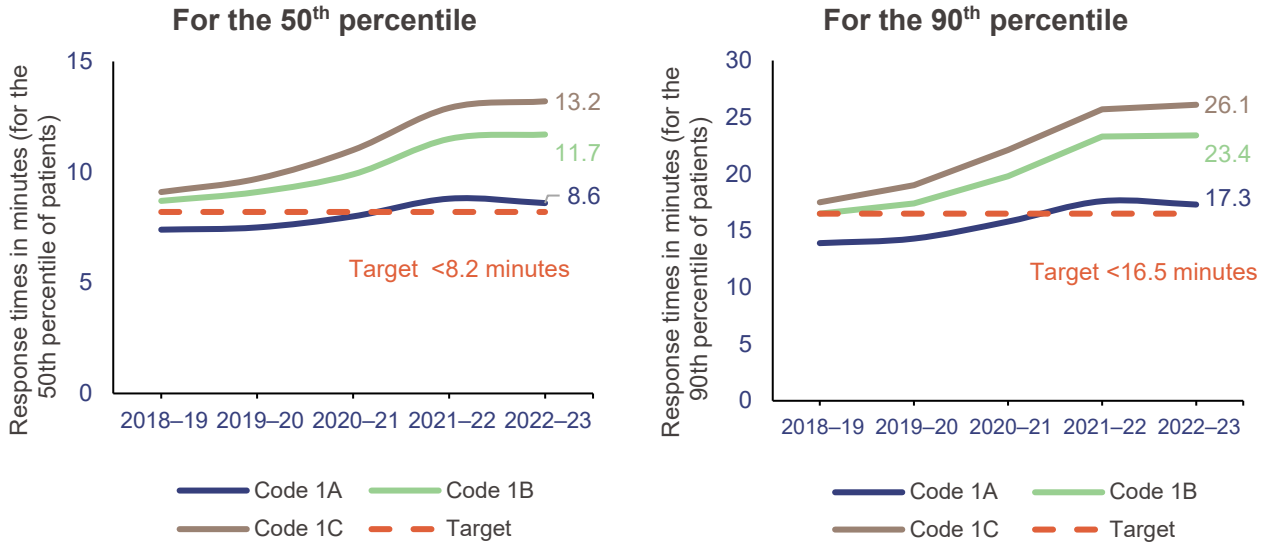
Code 1 incidents are potentially life threatening events that require the use of lights and sirens.

There were 523,400 code 1 incidents in 2022–23 (57 per cent of total code 1 and 2 incidents).

In 2022–23, the Queensland Ambulance Service did not meet its response time performance targets for code 1, as shown in Figure 6E. It has not met its response time targets for priority code 1A (actual time-critical) since 2020–21.

Code 1A is 'actual time-critical', code 1B is 'emergent time critical', and code 1C is 'potential time critical'.

Figure 6E
Queensland ambulance response time performance from 2018–19 to 2022–23 for code 1



Source: Queensland Audit Office, from data received from the Queensland Ambulance Service reporting system.

Source: Queensland Audit Office, from data received from the Queensland Ambulance Service reporting system.

Code 2 response times

Code 2 incidents may require a fast response, but do not require lights and sirens. Incidents in code 2A are those that require 'urgent response' but are not critical.

There were 407,700 code 2 incidents in 2022–23 (43 per cent of total code 1 and 2 incidents). Response times for code 2A slightly decreased from 60.9 minutes in 2021–22 to 60.3 minutes in 2022–23 (for the 90th percentile).

The Queensland Ambulance Service has not set performance targets for code 2 incidents. This is because its focus is on ensuring it is responding to the most urgent cases.

Moving patients off ambulance stretchers

Queensland's target is to have 90 per cent of patients transferred off stretchers and into the care of an emergency department within 30 minutes (the clinically appropriate time frame recommended in July 2012 in *Queensland's Metropolitan Emergency Department Access Initiative* report).

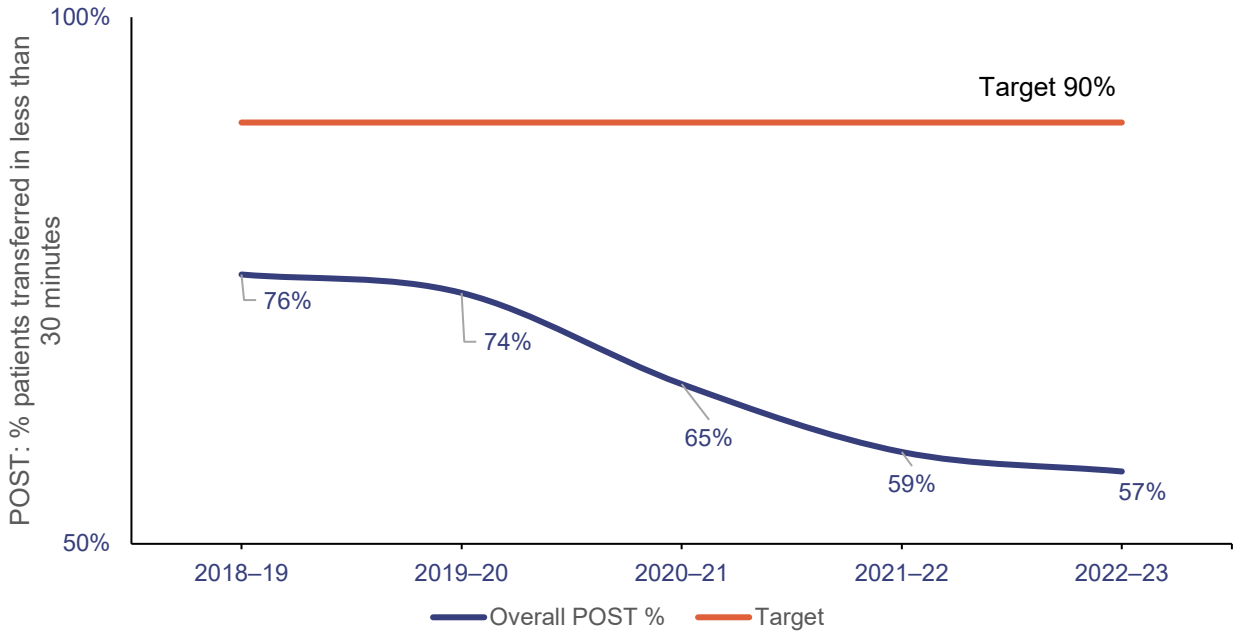
We note that POST is not a performance measure for the Queensland Ambulance Service – it is a measure of the performance of HHSs. It provides an indicator of system-wide issues due to lack of capacity in public hospitals.

Queensland Health has not met the POST performance measure at the statewide level for the past 9 years.

The percentage of patients transferred off stretchers in less than 30 minutes has shown a significant downward trend in the past 5 years. As of 30 June 2023, the overall POST performance was 56.9 per cent – a decrease of around 2 percentage points since 2021–22. Consistent with previous years, none of the 14 HHSs with a top 26 reporting hospital met its POST target, except North West HHS.

Figure 6F shows the overall POST performance for the top 26 reporting hospitals in Queensland over the last 5 years.

Figure 6F
POST performance for the top 26 reporting hospitals from 2018–19 to 2023–23



Source: Queensland Audit Office, from data received from the Queensland Ambulance Service reporting system.

The inability to meet this target is linked to the number and complexity of patients presenting for treatment (both walk-ins and ambulance presentations), availability of ward beds, efficiency of hospital discharge processes, and the limited availability of specialists to attend patients in emergency departments.

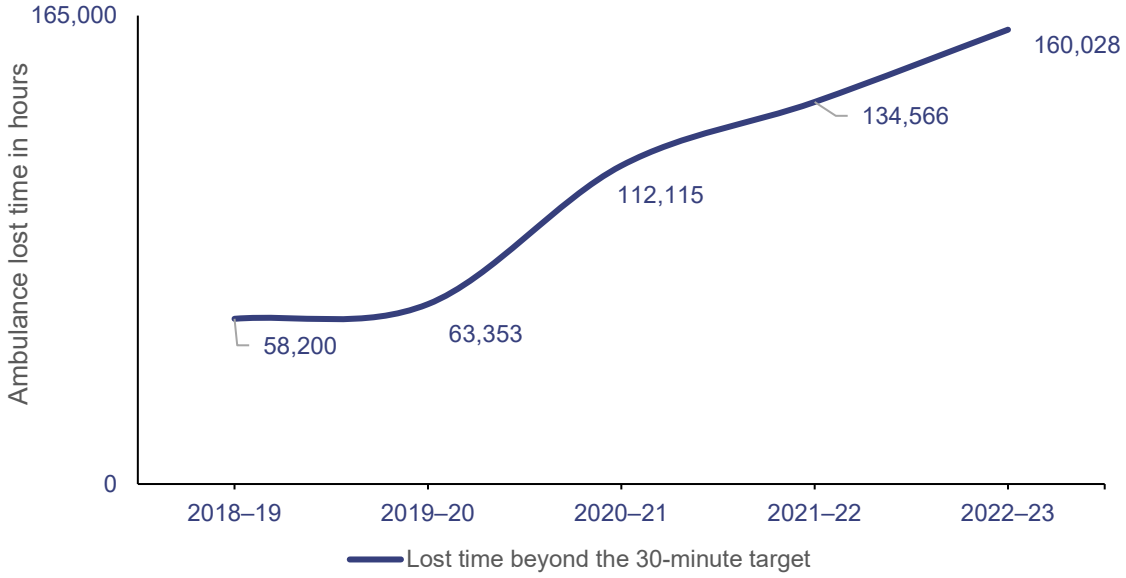
When there is a patient off-stretcher delay, patients are cared for by Queensland Ambulance Service paramedics until formal transfer of care to the emergency department takes place. Faster off-stretcher times ensure ambulances are available to respond to those patients waiting in the community.

Although the statewide POST target continues to be 90 per cent in the service delivery statements for 2023–24 (service standards agreed as part of the state budget), the department has tailored this target for each hospital and health service in its 2023–24 service agreements with each HHS. The new targets have been set to the actual POST achieved by each HHS as of 30 June 2019.

Ambulance lost time

Figure 6G shows ambulance lost time (measured as the amount of time greater than 30 minutes that a patient remains on Queensland Ambulance Service stretchers) in total hours for code 1 and 2 incidents at the top 26 reporting hospitals, for the last 5 financial years.

Figure 6G
Ambulance lost time for the top 26 reporting hospitals from 2018–19 to 2022–23



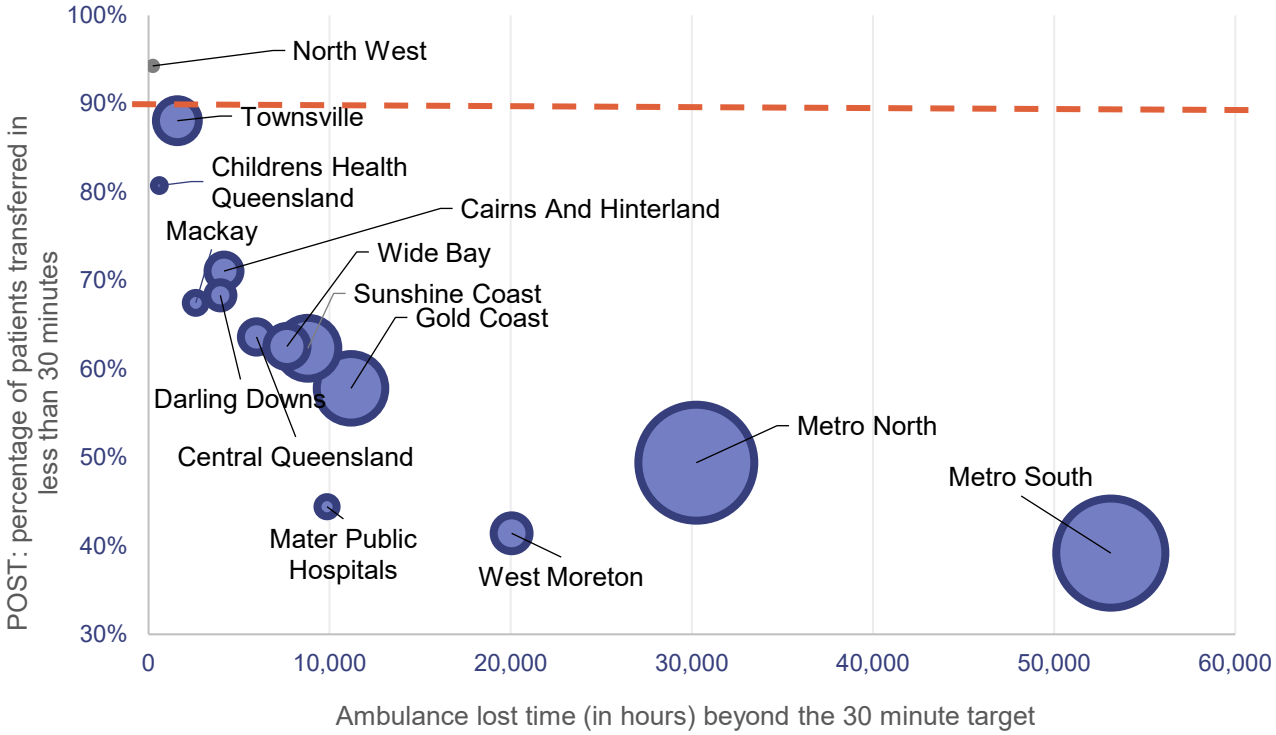
Source: Queensland Audit Office, from data received from the Queensland Ambulance Service reporting system.

A key factor in the increase in ambulance lost time and the decrease in POST performance is the increase in emergency department demand from both ambulance patients and walk-in patients. This has led to significant increases in the time it takes to transfer a patient to an emergency department.

Figure 6H shows, by HHS, the POST performance against accumulated ambulance lost time for the top 26 reporting hospitals for code 1 and 2 incidents.

The HHSs serving heavily populated areas have the lowest performance when it comes to moving patients off stretchers within 30 minutes, and they have the highest amount of ambulance lost time as a result.

Figure 6H
Queensland Ambulance Service POST performance and lost time by hospital and health service – 2022–23



Notes: Data by HHSs only includes the top 26 reporting hospitals. The size of the circles corresponds to the number of patients transferred to emergency departments by the Queensland Ambulance Service. The orange line represents the POST target.

Source: Queensland Audit Office, from data received from the Queensland Ambulance Service reporting system.

Specialist outpatient services

We audited specialist outpatient services in *Improving access to specialist outpatient services* (Report 8: 2021–22). Since then, the COVID-19 pandemic added further pressure to Queensland Health's capacity to ensure patients waiting for a specialist outpatient service were seen within the clinically recommended times. In this section, we update key graphs from that report, and from *Health 2022* (Report 10: 2022–23), using data provided by the department.

DEFINITION

A **long wait** is when a patient has waited longer (by one day or more) than the clinically recommended time for a specialist appointment.

Seen-within time measures whether patients attend their first appointment within clinically recommended times.

Queensland's public hospitals use 3 urgency categories for specialist outpatient services, each with a target seen-within time (see Figure 6I). Queensland Health calculates waiting time from the date a patient is placed on a specialist outpatient waiting list to the date they are first seen by a clinician (referred to as the initial service event), excluding any days when a patient was not able to receive care for a clinical or personal reason.

Figure 6I
Urgency category definitions and targets for 2022–23

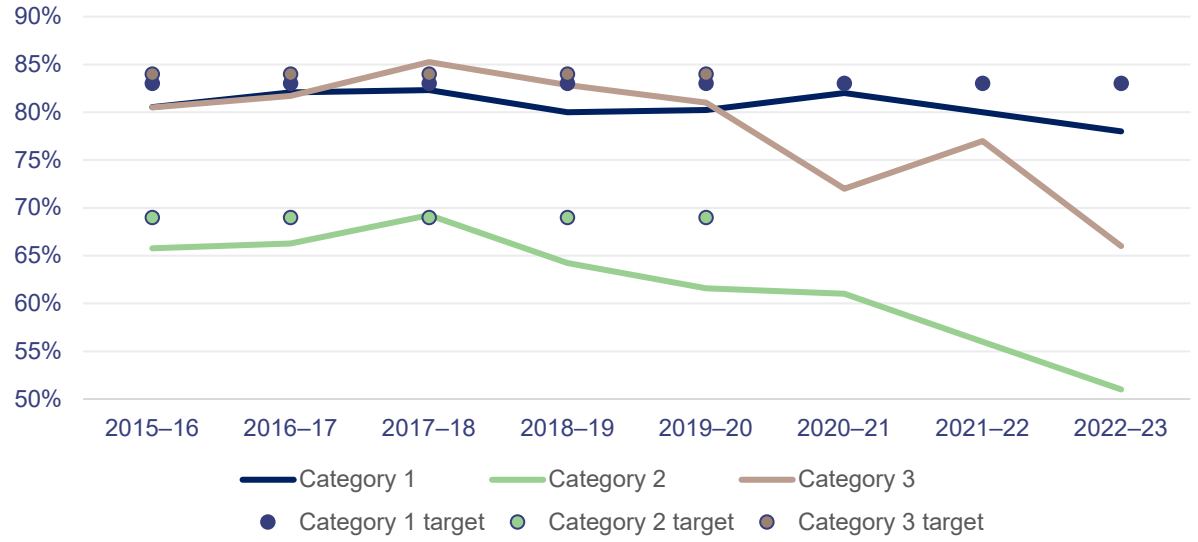
Urgency category	Appointment required within	Target seen-within time (service delivery statement)	Target seen-within time (service agreements)
Category 1	30 calendar days	83%	90%
Category 2	90 calendar days	-	85%
Category 3	365 calendar days	-	85%

Note: The Queensland Health service delivery statements have a target for specialist outpatients seen-within time for category 1 only, since 2020–21. However, the service agreements the department has with the HHSs have set a target for all 3 categories to support timely access to specialist outpatient services for urgent patients, while maintaining a focus on reducing the total number of long wait patients.

Source: Queensland Audit Office from Specialist Outpatient Services Implementation Standard and Queensland Health service delivery statements (SDS) and service level agreements (SLA).

Figure 6J shows the percentage of outpatients seen by a specialist within clinically recommended times for each category. Queensland Health consistently met or closely met the target for category 1 patients from 2016–17 to 2020–21, but did not meet the targets for any of the 3 categories in 2021–22 and 2022–23. In fact, the 2022–23 results were the lowest of the last 8 years.

Figure 6J
Percentage of outpatients seen within time targets

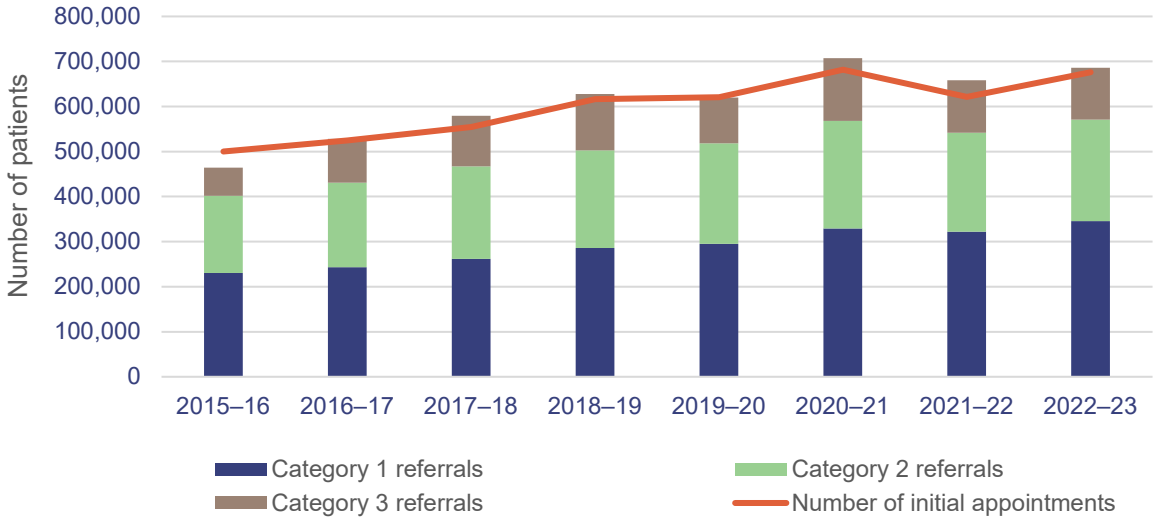


Note: Target used is per service delivery statements. There were no targets for category 2 and 3 patients in 2020–21 to 2022–23 due to the impacts from responding to COVID-19 and the system's focus on reducing the volume of patients waiting longer than clinically recommended.

Source: Queensland Audit Office, from Queensland Health specialist outpatient data collection.

Despite hospitals not achieving these seen-in-time targets, the number of patients being seen has increased by 9 per cent from 2021–22 (see Figure 6K). While more patients are being seen, the increase in the number of patients listed as long waits since 2020–21 due to the ongoing impacts of COVID-19 means the HHSs have a large backlog of patients to service, while new patients are being placed on the waitlists. This means less patients are being seen in time.

Figure 6K
Specialist outpatient referrals and initial appointments (new patients)

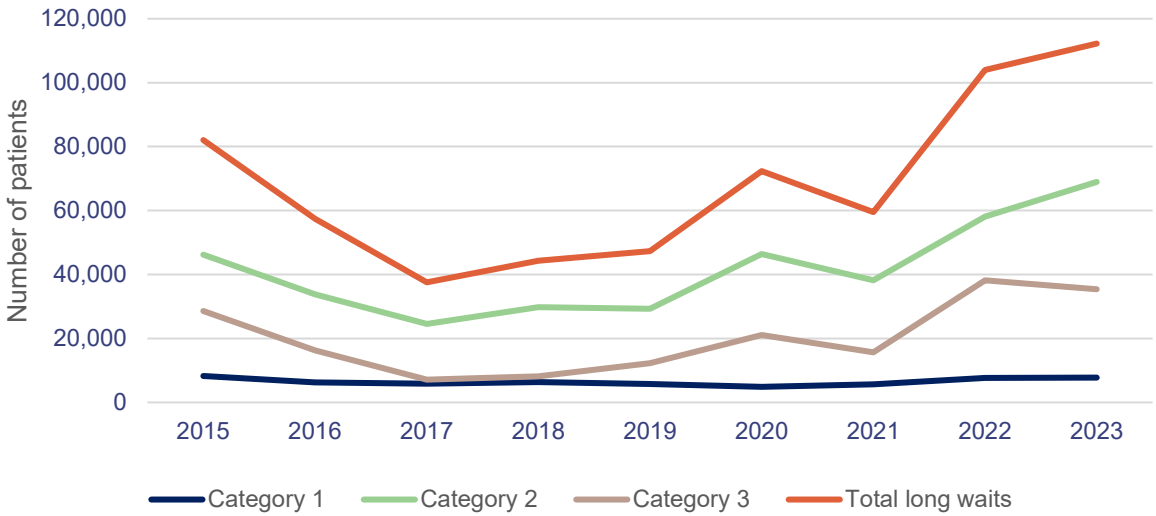


Source: Queensland Audit Office, from Queensland Health specialist outpatient data collection.

Figure 6L shows that the total number of long waits halved in the first 3 years of Queensland Health's *Specialist Outpatient Strategy,* which commenced in July 2015. But the total number of long waits as of 1 July 2023 is 37 per cent higher than it was on 1 July 2015.

In 2021–22, the total number of long waits increased by 80 per cent due to the impacts of COVID-19 on system capacity and continued to increase by a further 8 per cent in 2022–23.

Figure 6L
Number of long waits ready for care Note: All figures are as at 1 July.



Source: Queensland Audit Office, from Queensland Health specialist outpatient data collection.

Virtual healthcare

In its service agreements with HHSs, the department has provided an incentive for increasing virtual models of care to decrease pressure on facilities. HHSs are expected to deliver 30 per cent of outpatient service events through virtual care.

In 2023–24, HHSs will be paid an incentive of $73.50 per virtual care service event above the 30 per cent target and up to an agreed upper limit (in 2022–23, 8 out of 16 HHSs exceeded their target). The department has allocated $20 million for this incentive.

Appendices

A. Full responses from entities

As mandated in s. 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with an invitation to comment to the Department of Health.

We also provided a copy of the report to the following and gave them the option of providing a response:

- Minister for Health and Ambulance Services
- board chairs of the 16 hospital and health services
- chief executive officers of the 16 hospital and health services.

We provided a copy of this report to the Premier and Minister for the Olympics, and the Director-General, Department of the Premier and Cabinet, for their information.

This appendix contains the responses we received.

The heads of these entities are responsible for the accuracy, fairness, and balance of their comments.

Comments received from Acting Director-General, Department of Health

Queensland Government

Queensland Health

Enquiries to:

Telephone:
Our ref:

Mr Brendan Worrall
Auditor-General
Queensland Audit Office
Level 14, 53 Albert Street
BRISBANE QLD 4000

Email: qao@qao.qld.gov.au

Dear Mr Worrall

Thank you for your letter dated 15 November 2023, in relation to Queensland Audit Office's (QAO) proposed report to Parliament titled 'Health 2023'.

I acknowledge receipt of the report and the contents proposed to be included in this report. I am responding on behalf of the Department of Health and the 16 Hospital and Health Services (HHSs) to provide a single health system response.

It is pleasing to note the Department and all 16 HHSs received unmodified opinions on their annual financial statements for the 2022-23 financial year. It is also positive to note the tabling of all Health sector Annual Reports has occurred across the few days leading into the legislative deadline, despite the operational challenges this presents.

Noted below are our responses to matters and topics covered in the proposed report.

Recommendation 1: Improve controls over rostering and overtime
Queensland Health has the most complex payroll environment in the Queensland Government, being the largest employer of over 125,000 employees and rostering over 893,000 shifts every fortnight predominantly to support frontline 24/7 healthcare. As such, there remains a continued heightened focus on appropriate and reasonable controls and processes in place to ensure a complete and accurate payroll process.

The report highlights that QAO identified some irregularities and deviations across HHSs relating to inconsistent approval processes for overtime, untimely submission of pay variation forms to meet accurate pay outcomes and some opportunities to strengthen policies on these matters. QAO has also recommended completing the rollout of the electronic rostering system for nursing and midwifery staff (currently underway) as soon as practicable and establishing the rollout plan for other medical staff.

The Department is already undertaking a full review in partnership with the HHSs and Unions of the payroll policies and processes that support the accuracy and timeliness of payroll forms and pay outcomes as part of the commitments made within recent certified Enterprise Bargaining Agreements. The rollout of the Integrated Workforce Management Program Stage 3 - electronic rostering, remains a key priority for Queensland Health and is currently focussed on completing the rollout to nursing and midwifery cohort due for

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completion last quarter 2024 and Stage 4 which will complete the rollout to all other occupational groups including medical is expected to commence in late 2024.

Recommendation 2: Address inconsistencies in calculating anticipated maintenance of assets

Queensland Health continues to focus on how it can better manage anticipated maintenance and ensure a consistent approach to the calculation of the costs across the health system. In response to changes in whole of government policies released in September by Department of Energy and Public Works and in line with the recommendation from QAO, the Department's Asset Management Unit is undertaking the Asset Management Uplift project in 2024 which will lead Queensland Health's planning strategies to meet the requirements of the new policies. The Uplift project plans to work towards various aspects such as establishing centralised and whole of lifecycle asset management governance, defining data standards across the Department and HHSs, and improving linkages and clarity between data collection and analysis methodologies with financial planning and reporting outcomes. The project will also support system-wide improvement for standardising processes for assessing anticipated maintenance, reliability in reporting and strategic planning.

Financial sustainability

QAO has commented on health entities' ongoing financial sustainability. The proposed report notes that while the HHSs have a combined operating deficit of $68 million (2021-22: $42 million operating surplus) that this was largely due to factors such as increases in health services delivered and associated inflationary costs. Eight of the 16 HHSs reported an operating surplus, and eight reported an operating deficit (2021–22: seven HHSs reported a deficit).

Queensland Health recognises the challenges for financial sustainability which remains a key focus of all Queensland Health leadership teams and their staff. As noted in your report, the HHSs were still hampered and experience workforce pressures because of ongoing and legacy response to COVID-19, and its impact on system capacity issues resulting from sick leave taken and recreation leave remaining high with staff unable to take leave. Queensland Health continues to focus on strategies to support increased productivity and the delivery of required service levels.

Future capital requirements to meet ageing infrastructure and demand

Queensland Health is very aware of the steadily increasing Queensland population and the related demand this places on future capital requirements. Your proposed report notes that HHSs continue to face significant challenges in funding the anticipated maintenance of their assets. It is positive to note that the report recognises the increased expenditure that has occurred across most HHSs in 2022-23 to address this, and the cost pressures being experienced as a result of worsening market conditions such as supply chain issues and increases in construction materials.

The Department and HHSs continue to work together on strategies to better manage anticipated maintenance and the whole of life cycle cost, including the level of maintenance investment required to sustain the built environment. The Department continues to work with HHSs to categorise items recorded in the anticipated maintenance register based on the type of expenditure (for example, deferred operational maintenance, capital maintenance) and projected year for completion, and as mentioned will be addressed in 2024 through the Department's Asset Management Uplift project. The processes in place provide a mechanism for the identification and prioritising of high-risk maintenance within the constraints of available financial resources.

A significant focus on capital infrastructure works continues to occur across Queensland Health, with the report recognising the $1.86 billion being expended in this space in 2022-23. This focus will continue into 2023-24 and onwards with the report discussing investments identified in the 2023-24 budget related to works in rural and regional areas, the Satellite Hospitals Program, and the Queensland Health capacity expansion. It is recognised that there will be increased pressure faced in the delivery of infrastructure projects across Queensland, with other major infrastructure projects in the pipeline including the Olympic Games amongst others and the labour and material shortages faced in the construction industry.

Increasing demand for health services

I appreciate QAO recognising the constantly increasing demand for all services provided by the Health system including Queensland Ambulance Service (QAS), and the challenges presented by the COVID-19 pandemic and the ongoing challenges still faced from this. In addition to the legacy impact of COVID-19, your proposed report notes that the system continues to experience constantly increasing demand arising from Queensland's increasing and ageing population.

QAO has recognised that despite having the highest number of responses in Australia, in proportion to the state's population, QAS have managed to achieve better response times for emergency cases (Code 1) than most other jurisdictions. The proposed report notes that the increasing demand for all QAS services has contributed to the increased time it takes the ambulance crews to transfer patients into the care of emergency departments.

Queensland has performed strongly against national averages for the time patients wait for clinical care and overall length of patient stays within the emergency department. Based on 2021-22 Australian Institute of Health and Welfare data, Queensland is second to only New South Wales for both of these national Accessibility indicators.

Queensland Health are constantly reviewing processes to reduce the time that it takes to transfer the care or handover of a patient to an emergency department. As noted in your proposed report, a key factor in the time it takes to transfer a patient, is the increase in emergency department demand for both ambulance patients and walk-in patients, along with availability of ward beds and limited availability of specialists to attend to patients in emergency departments. The Department is constantly working on improving emergency services.

Thank you again for writing to me. Should you require any further information in relation to

available to assist you.

Yours sincerely

Michael Walsh
A/Director-General
05/12/2023

B. How we prepared this report

About this report

This report summarises the audit results of Queensland's health entities.

Through our financial audit program, we issue opinions about the reliability of public sector entity financial statements. These audits are conducted in accordance with the *Auditor-General Auditing Standards* and comply with the relevant standards issued by the Australian Auditing and Assurance Standards Board (AUASB).

The information and insights highlighted in this report are the result of our annual financial audits of these entities and follow-up inquiries of some of our previous performance audits in the health sector.

Entities included in this report

- Department of Health
- 16 hospital and health services
- 12 hospital foundations
- 4 statutory health entities
- 2 controlled entities.

Refer to Appendix F for the names of the above entities.

Our approach

This report has been prepared in accordance with the *Auditor-General Auditing Standards*.

We have used the following data sets in preparing our report:

- Leave, overtime and expenditure data was extracted from the Department of Health and HHS payroll systems, which we audit as part of our financial statement audit processes – we used this to update graphs and support our commentary in Chapter 4.
- To update or create graphs and support our commentary in Chapter 6:
  - emergency department presentations and key performance indicators data for the top 26 reporting hospitals from the Department of Health
  - ambulance incidents responses and key performance indicators data for the top 26 reporting hospitals from Queensland Ambulance Service
  - specialist outpatients services key performance indicators data for the top 26 reporting hospitals from the Department of Health
  - publicly available information relating to the emergency departments data by jurisdiction in Australia
  - publicly available information relating to ambulance service data by jurisdiction in Australia – available at the Australian Government Productivity Commission website.

We have not audited these data sets for completeness and accuracy.

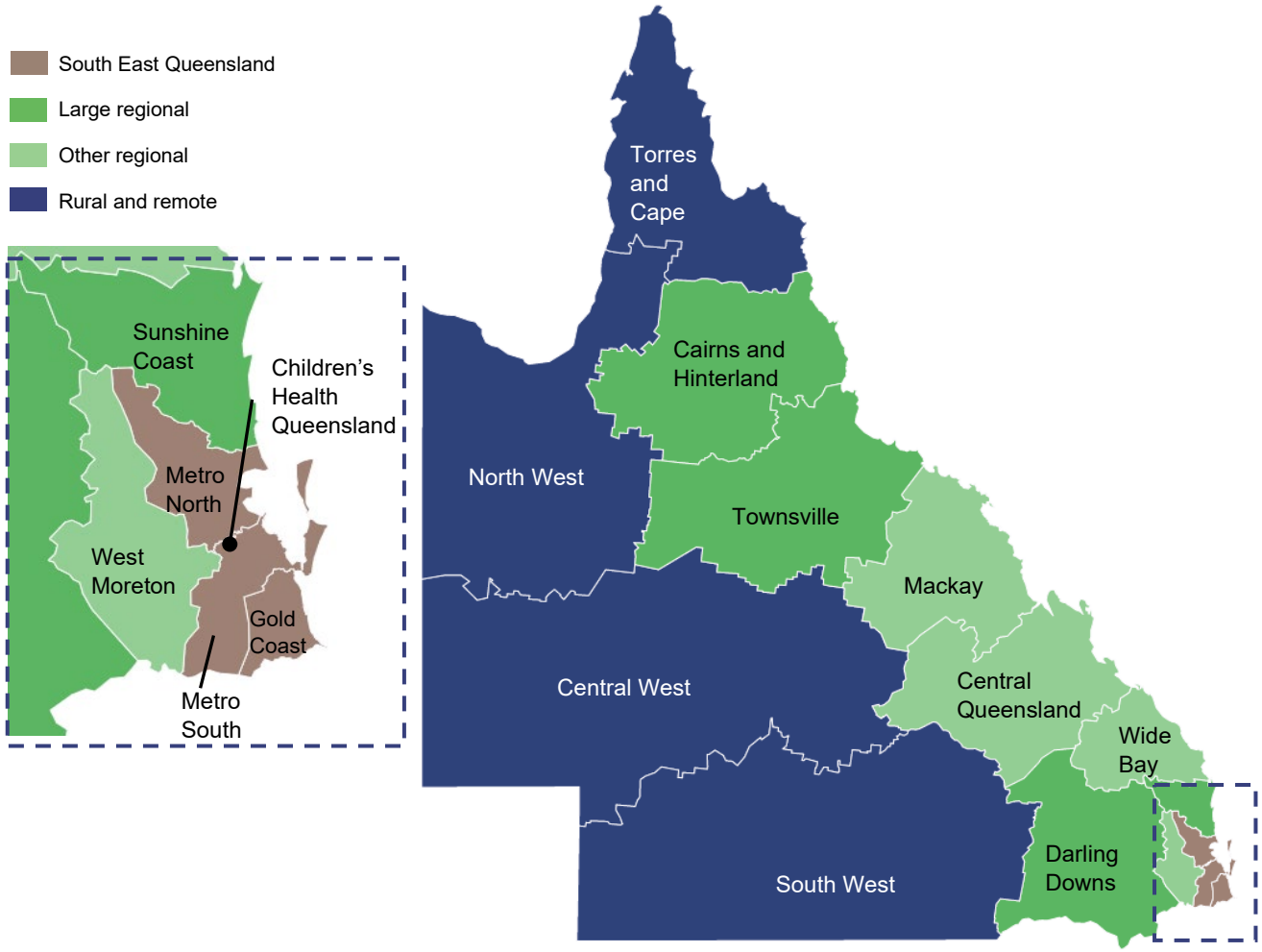
We present our graphs with comparative data going back to either 2018 or 2019 (3 to 4 years) to show the relevant movements where appropriate. For graphs related to specialist outpatient services we present data back to 2015 to align with the release of the Department of Health's *Specialist Outpatient Strategy*.

C. Queensland hospital and health service regions

Hospital and health services (HHSs) provide health services across metropolitan, regional, and rural areas of Queensland. They are grouped into 4 regions, as shown in Figure C1.

Figure C1
Queensland hospital and health service regions

South East Queensland	Large regional	Other regional	Rural and remote
Children's Health Queensland HHS	Cairns and Hinterland HHS	Central Queensland HHS	Central West HHS
Gold Coast HHS	Darling Downs HHS	Mackay HHS	North West HHS
Metro North HHS	Sunshine Coast HHS	West Moreton HHS	South West HHS
Metro South HHS	Townsville HHS	Wide Bay HHS	Torres and Cape HHS



Source: Queensland Audit Office, from Queensland Health.

D. Legislative context

Frameworks

Health entities prepare their financial statements in accordance with the following legislative frameworks and reporting deadlines.

Figure D1
Legislative frameworks for the health sector

Entity type	Entities	Legislative framework	Legislated deadline
Departments	• Department of Health	• *Financial Accountability Act 2009* • Financial and Performance Management Standard 2019	31 August 2023
Statutory bodies	• 16 hospital and health service boards • 13 hospital/health foundations • The Council of the Queensland Institute for Medical Research (QIMR) • Health and Wellbeing Queensland • Office of the Health Ombudsman • Queensland Mental Health Commission	• *Financial Accountability Act 2009* • Financial and Performance Management Standard 2019 • *Statutory Bodies Financial Arrangements Act 1982* • *Hospital and Health Boards Act 2011* • *Hospital Foundations Act 2018* • *Queensland Institute of Medical Research Act 1945* • *Health and Wellbeing Queensland Act 2019* • *Health Ombudsman Act 2013* • *Queensland Mental Health Commission Act 2013* • *Australian Charities and Not-for-profits Commission Act 2012**	31 August 2023
Controlled entities that are companies	• Endpoint Pty Ltd • Tropical Australian Academic Health Centre Limited	• *Corporations Act 2001* • Corporations Regulations 2001	31 October 2023^
Other	• Sunshine Coast Health Institute	• Joint Venture Agreement	30 April 2023

Note: Controlled entity – an entity owned by one or more public sector entities.

* The *Australian Charities and Not-for-profits Commission Act 2012* is applicable to the 13 hospital/health foundations that are registered charities.

^ The *Corporations Act 2001* does not require all small proprietary companies to prepare financial statements. Where financial statements are required, they must be completed within 4 months after the end of the financial year.

Source: Queensland Audit Office.

Accountability requirements

The *Financial Accountability Act 2009* applicable to health sector entities requires these entities to:

- achieve reasonable value for money by ensuring the operations of the entity are carried out efficiently, effectively, and economically
- establish and maintain appropriate systems of internal control and risk management
- establish and keep funds and accounts that comply with the relevant legislation, including Australian accounting standards.

Queensland state government financial statements

Each year, Queensland state public sector entities must table their audited financial statements in parliament.

These financial statements are used by a broad range of parties, including parliamentarians, taxpayers, employees, and users of government services. For these statements to be useful, the information reported must be relevant and accurate.

The Auditor-General's audit opinion on these entities' financial statements assures users that the statements are accurate and in accordance with relevant legislative requirements.

We express an *unmodified opinion* when the financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards. We *modify* our audit opinion when financial statements do not comply with the relevant legislative requirements and Australian accounting standards and are not accurate and reliable.

There are 3 types of modified opinions:

- qualified opinion – the financial statements as a whole comply with relevant accounting standards and legislative requirements, with the exceptions noted in the opinion
- adverse opinion – the financial statements as a whole do not comply with relevant accounting standards and legislative requirements
- disclaimer of opinion – the auditor is unable to express an opinion as to whether the financial statements comply with relevant accounting standards and legislative requirements.

Sometimes we include an *emphasis of matter* in our audit reports to highlight an issue that will help users better understand the financial statements. It does not change the audit opinion.

E. Status of prior recommendations

In *Health 2022* (Report 10: 2021–22), we identified the following recommendation for hospital and health services (HHSs) and the Department of Health (the department). These entities need to take further action to address this recommendation. We continue to identify significant control weaknesses in the security of information systems, and this remains a recommendation for health entities in 2023.

Strengthening of information system and cyber security controls		Further action needs to be taken
2022 – REC 1	The 16 HHSs should: • review the dashboard of active users regularly to ensure access to the department's network is limited to authorised users only, and promptly notify the department of any changes required. The Department of Health should: • progress the Identity and Access Management Maturity and Service Uplift Project • update insecure settings in relation to passwords and default accounts.	We continue to identify significant control weaknesses in the security of information systems. As noted in Chapter 3, we identified 4 new deficiencies in information system controls in 2022–23. Of the issues raised in prior years, 3 are yet to be resolved.

In *Health 2022*, we identified that the following recommendations from our *Health 2021* (Report 12: 2021–22) and *Health 2020* (Report 12: 2020–21) remained outstanding. An update on the status of these issues is included below.

Procurement and contracting controls need to be strengthened		Further action needs to be taken
2021 – REC 1	The Department of Health and 16 HHSs should: • ensure they have appropriate contract management and procurement systems in place • provide training in procurement processes and procedures • maintain complete and up-to-date contract registers • ensure all documents relating to contracts are kept in a central location.	There has been improvement, with some of the previously reported procurement deficiencies being resolved during prior years. However, as noted in Chapter 3, we identified 4 new deficiencies in procurement controls in 2022–23. This highlights that more work is needed in this area.
Resolve outstanding audit issues		**Further action needs to be taken**
2020 – REC 2	Queensland Health entities and their audit committees should continue to regularly review the status of outstanding audit issues and ensure they are resolved in a timely manner.	As noted in Chapter 3, internal controls are generally effective. However, 6 issues raised in prior years (2018–2022) are yet to be resolved.

Strengthen the security of information systems		Further action needs to be taken
2020 – REC 3	We recommend all entities strengthen the security of their information systems. They rely heavily on technology, and increasingly, they have to be prepared for cyber attacks. Any unauthorised access could result in fraud or error, and significant reputational damage. Their workplace culture, through their people and processes, must emphasise strong security practices to provide a foundation for the security of information systems. Entities should: • provide security training for employees so they understand the importance of maintaining strong information systems, and their roles in keeping them secure • assign employees only the minimum access required to perform their job, and ensure important stages of each process are not performed by the same person • regularly review user access to ensure it remains appropriate • monitor activities performed by employees with privileged access (allowing them to access sensitive data and create and configure within the system) to ensure they are appropriately approved • implement strong password practices and multifactor authentication (for example, a username and password, plus a code sent to a mobile), particularly for systems that record sensitive information • encrypt sensitive information to protect it • patch vulnerabilities in systems in a timely manner, as upgrades and solutions are made available by software providers to address known security weaknesses that could be exploited by external parties. Entities should also self-assess against all of the recommendations in *Managing cyber security risks* (Report 3: 2019–20) to ensure their systems are appropriately secured.	We continued to identify weaknesses in system security. We made a new recommendation in our *Health 2022* report – Recommendation 1.
Approve service agreements for shared services		**Fully implemented**
2020 – REC 4	The Department of Health and the hospital and health services should work together to approve and sign service level agreements with each other for the purchasing and payroll services the department performs on behalf of the HHSs. The agreements should clearly identify the roles and responsibilities of each party, including the quality and scope of services and the respective costs.	Service agreements between the department and each HHS now include service schedules outlining roles and responsibilities for services provided by the department to HHSs.
Address backlog of asset maintenance		**Further action needs to be taken**
2020 – REC 5	Queensland Health entities should continue to prioritise high-risk maintenance. The hospital and health services should work with the department to find ways to mitigate the operational, clinical, and financial risks associated with anticipated maintenance.	The anticipated maintenance of assets has increased by $351 million in 2022–23. Chapter 5 of this report includes a new recommendation to address inconsistencies in calculating anticipated maintenance of assets.

Where a recommendation is specific to an entity, we have reported on the action that entity has taken and whether the issue is considered to be *fully implemented*, *partially implemented, not implemented* or *no longer applicable*.

Status	Definition	
Fully implemented	Recommendation has been implemented, or alternative action has been taken that addresses the underlying issues, and no further action is required. Any further actions are business as usual.	
Partially implemented	Significant progress has been made in implementing the recommendation or taking alternative action, but further work is required before it can be considered business as usual. This also includes where the action taken was less extensive than recommended, as it only addressed some of the underlying issues that led to the recommendation.	
Not implemented	**Recommendation accepted**	No or minimal actions have been taken to implement the recommendation, or the action taken does not address the underlying issues that led to the recommendation.
	Recommendation not accepted	The government or the agency did not accept the recommendation.
No longer applicable	Circumstances have fundamentally changed, making the recommendation no longer applicable. For example, a change in government policy or program has meant the recommendation is no longer relevant.	

Where a general recommendation has been made for all entities to consider, we have assessed action on issues reported to specific entities in the prior year, as well as any further issues identified in the current year. On this basis, we have concluded whether *appropriate action has been taken* across the sector, or if *further action needs to be taken* to address the risk identified.

Status	Definition
Appropriate action has been taken	Recommendations made to individual entities have been implemented, or alternative action has been taken that addresses the underlying issues, and no further action is required. No new issues have been identified across the sector that indicate an ongoing underlying risk to the sector that requires reporting to parliament.
Further action needs to be taken	Recommendations made to individual entities have not been fully implemented, and/or new recommendations have been made to individual entities, indicating further action is required by entities in the sector to address the underlying risk.

F. Audit opinions for entities preparing financial reports

The following table details the types of audit opinions we issued for health sector entities for the 2022–23 financial year.

We express an *unmodified opinion* when the financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards.

Sometimes we include an *emphasis of matter* (EOM) in our audit reports to highlight an issue that will help users better understand the financial statements. It does not change the audit opinion.

Figure F1
Audit opinions issued

Entity type	Entity	Date audit opinion issued	Type of audit opinion issued
Department	Department of Health	28.08.2023	Unmodified
Statutory bodies – hospital and health services (HHS)	Cairns and Hinterland	29.08.2023	Unmodified
	Central Queensland	30.08.2023	Unmodified
	Central West	28.08.2023	Unmodified
	Children's Health Queensland	30.08.2023	Unmodified
	Darling Downs	30.08.2023	Unmodified
	Gold Coast	18.08.2023	Unmodified
	Mackay	18.08.2023	Unmodified
	Metro North	31.08.2023	Unmodified
	Metro South	30.08.2023	Unmodified
	North West	31.08.2023	Unmodified
	South West	30.08.2023	Unmodified
	Sunshine Coast	30.08.2023	Unmodified
	Torres and Cape	29.08.2023	Unmodified
	Townsville	24.08.2023	Unmodified
	West Moreton	30.08.2023	Unmodified
	Wide Bay	25.08.2023	Unmodified
Statutory bodies – hospital foundations	Bundaberg Health Services Foundation	31.08.2023	Unmodified
	Central Queensland Hospital Foundation	28.08.2023	Unmodified
	Children's Hospital Foundation Queensland	28.08.2023	Unmodified
	Far North Queensland Hospital Foundation	31.08.2023	Unmodified
	Gold Coast Hospital Foundation	28.08.2023	Unmodified
	Ipswich Hospital Foundation	31.08.2023	Unmodified
	Mackay Hospital Foundation	28.08.2023	Unmodified
	PA Research Foundation	31.08.2023	Unmodified

Entity type	Entity	Date audit opinion issued	Type of audit opinion issued
	Royal Brisbane and Women's Hospital Foundation	25.08.2023	Unmodified
	Sunshine Coast Health Foundation	14.09.2023	Unmodified
	The Prince Charles Hospital Foundation	30.08.2023	Unmodified
	Toowoomba Hospital Foundation	28.08.2023	Unmodified
	Townsville Hospital Foundation	31.08.2023	Unmodified
Other statutory bodies	Health and Wellbeing Queensland	17.08.2023	Unmodified
	Office of the Health Ombudsman	17.08.2023	Unmodified
	Queensland Mental Health Commission	22.08.2023	Unmodified
	The Council of The Queensland Institute of Medical Research (QIMR)	31.08.2023	Unmodified
Controlled entities	Sunshine Coast Health Institute (SCHI)^	28.03.2023	Unmodified – EOM
	Tropical Australian Academic Health Centre Limited^^	10.11.2023	Unmodified

Notes:

^ SCHI is a joint venture collaborative partnership between the Sunshine Coast HHS, University of the Sunshine Coast, TAFE Queensland, and Griffith University. The financial year of SCHI was 1 January 2022 to 31 December 2022. An emphasis of matter was included in our audit report to highlight to users of the statements that special purpose financial statements had been prepared. The audit opinion for the financial year ended 31 December 2023 has not yet been issued.

^^ Tropical Australian Academic Health Centre Limited is a collaboration between the 5 HHSs in northern Queensland (Cairns and Hinterland, Mackay, North West, Torres and Cape, and Townsville) and the Northern Queensland Primary Health Network, the Queensland Aboriginal and Islander Health Council, and James Cook University.

Source: Queensland Audit Office.

The following table contains the audit opinions issued for prior financial years that were not finalised when our *Health 2022* (Report 10: 2022–23) was issued.

Figure F2
Audit opinions for prior financial years

Entity type	Entity	Date audit opinion issued	Type of audit opinion issued
Controlled entities	Endpoint IQ Pty Ltd^ (controlled entity of QIMR)	16.12.2022	Unmodified – EOM*
	genomiQa Pty Ltd^ (controlled entity by QIMR)	19.04.2023	Unmodified – EOM*

Notes:

* The audit reports for Endpoint IQ Pty Ltd and genomiQa Pty Ltd both included an emphasis of matter to alert users that special purpose financial statements had been prepared. The audit reports for each entity also included a paragraph on 'material uncertainty related to going concern' due to the entities' dependence on their parent entity (QIMR) for funding.

^ Refers to audited financial statements for the financial year ended 30 June 2022. The audit opinion for Endpoint IQ Pty Ltd for the year ended 30 June 2023 has not yet been issued. Audited financial statements are not being prepared for genomiQa Pty Ltd for the year ended 30 June 2023 following termination of its shareholder agreement.

Source: Queensland Audit Office.

G. Other audit and assurance opinions

We issued the following opinions for other audit and assurance engagements performed in the Queensland public health sector. To provide assurance, an auditor must confirm whether specific information is correct, so users of the information can confidently make decisions based on it.

Figure G1
Other audit and assurance opinions issued

Type of engagement	Subject	Date opinion issued	Type of opinion issued
	Department of Health		
Audit of a special purpose financial report	National Health Funding Pool Queensland State Pool Account – the cash receipts from the Australian and Queensland governments to fund Queensland public health services	14.09.2023	Unmodified
Compliance audit	Annual Prudential Compliance Statement for Queensland Health's aged-care facilities that collect refundable deposits and accommodation bonds	31.10.2022	Qualified
Assurance audit	ASAE 3402 Assurance Report for the period 1 July 2022 to 31 March 2023 (Type 2) – covering the design, implementation, and effectiveness of key financial controls	06.06.2023	Unmodified
Assurance audit	ASAE 3402 Assurance Report as at 30 June 2023 (Type 1) – covering the design and implementation of key financial controls	27.07.2023	Unmodified

Source: Queensland Audit Office.

National Partnership Agreement on COVID-19 Response

In Queensland, 23 private hospital operators received funding as part of the National Partnership Agreement on COVID-19 Response (NPA). The objective of this funding was to provide financial assistance with the additional costs incurred by private hospitals in responding to the COVID-19 outbreak. As part of the agreement, the operators are required to provide Queensland Health and the Administrator of the National Health Funding Pool a summary of revenue and expenses on a quarterly basis, together with an independent auditor's report.

We issued unqualified review conclusions for the National Partnership on COVID-19 Response (NPCR) Private Hospital Data quarterly reports. There are quarterly reports outstanding for one operator which the Department of Health is conducting further work on.

H. Entities not preparing financial reports

For each state public sector company, other than government owned corporations, the board of directors considers the requirements of the *Corporations Act 2001* and the company's constitution to determine whether financial statements need to be prepared. The board must revisit the assessment every 3 years or whenever a significant change occurs.

When entities are part of a larger group and are secured by a guarantee with other entities in that group (that they will cover their debts), the Australian Securities and Investments Commission allows them to not prepare a financial report. In addition, dormant or small companies that meet specific criteria under the *Corporations Act 2001* are not required to prepare financial statements.

If entities form part of a larger group that reports to the Australian Charities and Not-for-profits Commission, the commissioner may allow the group to jointly report under subsection 60–95 (1) of the *Australian Charities and Not-for-profits Commission Act 2012*.

Accordingly, the Auditor-General will not issue audit opinions for the following controlled public sector entities for 2023, as they were not required to produce financial statements.

Figure H1
Health sector entities not preparing financial reports in 2022–23

Public sector entity	Reason for not preparing financial statements
Controlled entities of The Council of The Queensland Institute of Medical Research (QIMR)	
genomiQa Pty Ltd	Non-reporting
Q-Gen Pty Ltd	Dormant
Vaccine Solutions Pty Ltd	Non-reporting
Fovero Therapeutics Pty Ltd (formerly A.C.N. 653 473 397 Pty Ltd)	Non-reporting
Cyteph Pty Ltd	Non-reporting

Source: Queensland Audit Office.

I. Financial results

Figure I1
Department of Health and hospital and health services – for the year ending 30 June 2023

Amounts in $'000						
Health entity	**Total assets**	**Total liabilities**	**Total income**	**Total expenses**	**Operating result**	**Accumulated operating result**
Department of Health	6,159,750	3,679,247	34,942,959	34,943,399	(440)	1,333,051
Cairns and Hinterland HHS	1,212,804	122,000	1,283,962	1,293,886	(9,924)	(77,520)
Central Queensland HHS	575,437	74,101	805,988	823,279	(17,291)	(30,637)
Central West HHS	127,760	10,864	107,866	105,524	2,342	(668)
Children's Health Queensland HHS	1,285,914	99,720	996,347	991,444	4,903	35,527
Darling Downs HHS	711,359	125,227	1,133,379	1,130,489	2,890	75,130
Gold Coast HHS	2,047,796	254,931	2,190,359	2,179,265	11,094	55,476
Mackay HHS	478,497	59,128	626,268	632,710	(6,442)	14,312
Metro North HHS	2,962,203	872,135	3,986,913	3,984,416	2,497	189,117
Metro South HHS	1,720,153	320,543	3,225,555	3,235,450	(9,895)	3,184
North West HHS	151,990	28,849	236,460	238,982	(2,522)	(7,019)
South West HHS	297,967	21,582	202,035	196,324	5,711	32,891
Sunshine Coast HHS	2,324,144	744,283	1,611,349	1,626,138	(14,789)	(58,325)
Torres and Cape HHS	321,108	46,939	302,099	300,039	2,060	8,823
Townsville HHS	986,120	122,122	1,321,552	1,320,577	975	84,253
West Moreton HHS	426,538	111,835	917,110	920,474	(3,364)	(8,861)
Wide Bay HHS	441,150	109,738	821,556	857,614	(36,058)	(31,381)
Total	22,230,690	6,803,244	54,711,757	54,780,010	(68,253)	1,617,353

Source: Queensland Audit Office, from Queensland health entities' 2022–23 financial statements.

J. Queensland's top 26 reporting hospitals

The figures and data presented in Chapter 6 are for the top 26 reporting public hospitals in Queensland, unless otherwise specified. These hospitals treated 76.8 per cent of emergency department presentations in 2022–23.

Figure J1 lists the top 26 hospitals, grouped by hospital and health service.

Figure J1
Top 26 reporting hospitals

Hospital and health service (HHS)	Hospital
Cairns and Hinterland HHS	Cairns Hospital
Central Queensland HHS	Gladstone Hospital Rockhampton Hospital
Children's Health Queensland HHS	Queensland Children's Hospital
Darling Downs HHS	Toowoomba Hospital
Gold Coast HHS	Gold Coast University Hospital Robina Hospital
Mackay HHS	Mackay Base Hospital
Mater Health Services	Mater Hospital Brisbane Public Hospital
Metro North HHS	Caboolture Hospital Redcliffe Hospital Royal Brisbane and Women's Hospital The Prince Charles Hospital
Metro South HHS	Logan Hospital Princess Alexandra Hospital QEII Jubilee Hospital Redland Hospital
North West HHS	Mount Isa Hospital
Sunshine Coast HHS	Gympie Hospital Nambour Hospital Sunshine Coast University Hospital
Townsville HHS	Townsville University Hospital
West Moreton HHS	Ipswich Hospital
Wide Bay HHS	Bundaberg Base Hospital Hervey Bay Hospital Maryborough Hospital

Source: Queensland Audit Office report – Measuring emergency department patient wait time (Report 2: 2021–22).

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