

# Report on a page

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This report discusses the audit results of Queensland health entities, which include the Department of Health (the department) and 16 hospital and health services (HHSs). The report also summarises the audit results for 12 hospital foundations and four other statutory entities.

## Financial statements are reliable

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The financial reports prepared by Queensland health entities, most hospital foundations, and the four other statutory bodies are reliable and comply with relevant laws and accounting standards.

## Some systems and processes have been ineffective

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In our recent report to parliament—*Queensland Health's new finance and supply chain management system* (Report 4: 2020–21)—we found the department experienced significant issues after implementing its new finance system.

As a result of these issues, the HHSs could place only limited reliance on the finance system's purchasing controls for their goods and services. We also were unable to rely on these controls in conducting the audit, which led to additional work and cost for the Queensland health entities and us.

The health entities still have some manual recording and reporting processes, which should be automated if possible.

Some health entities have still not addressed internal control deficiencies we identified in previous financial years. These include deficiencies in purchasing processes and controls. Also, after eight years of operations, not all HHSs have approved service level agreements with the department for the purchasing and payroll services the department performs on their behalf.

## Impact of COVID-19

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The health sector is at the frontline of the battle against COVID-19 and is being successful in containing the spread of the virus. The Queensland Government signed an agreement with the Australian Government to help the public and private health sectors respond to COVID-19.

Queensland Health received \$345 million to fund personal protective equipment, fever clinics, community screening, and other costs associated with preparing and responding to the pandemic.

Queensland's compliance with the Australian Government policy of temporarily suspending all non-urgent elective surgeries temporarily reduced the number of typically high volume, non-urgent procedures performed at HHSs. COVID-19 has resulted in a decrease in own-source revenue from private patients and increased employee expenses to respond to the pandemic.

## Financial sustainability of HHSs continues to decline

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In 2019–20, 11 out of 16 HHSs reported operating losses (three more than last year), despite only one HHS having budgeted for an operating loss in 2019–20. Seven HHSs have now made an overall loss since they were formed in 2012. The former Minister for Health and Ambulance Services appointed advisors to two HHS boards in response to ongoing financial sustainability issues.

