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4. Disclosures and legal compliance

Governance

In this section we report on the outcomes achieved under the strategic priority of Governance for the Office.

We provide information about our financial statements and budget, Key Performance Indicators, financial and governance disclosures and other legal and government policy requirements.

4.1 Key Highlights

Key highlights for 2018-19 included:

- Maintained strong performance against Key Performance Indicators and operated within a strong accountable framework.
- Continued to focus on strengthening records management by reviewing and updating the Recordkeeping Policy and Recordkeeping Procedures.
- Continued to strengthen governance and accountability measures through monitoring and updating the HaDSCO Risk Register; and commencing the process of establishing an Internal Audit Committee.
- Staff completed specialised individual records management, cultural awareness, accountable and ethical decision making and diversity training.
- Progressed strategies to seek to overcome access and inclusion barriers to promote independent and fulfilling participation in the community and workplace for people with disability, their carers, and families, in-line with the *Health and Disability Services Complaints Office Disability Access and Inclusion Plan 2018-2022*.

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4.2 Financial Statements

4.2.1 Independent Auditor's Report



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE

Report on the Financial Statements

Opinion

I have audited the financial statements of the Health and Disability Services Complaints Office which comprise the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Health and Disability Services Complaints Office for the year ended 30 June 2019 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the agency in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Director for the Financial Statements

The Director is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the agency.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



4.2.1 Independent Auditor's Report

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director.
- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Health and Disability Services Complaints Office. The controls exercised by the agency are those policies and procedures established by the Director to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Health and Disability Services Complaints Office are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2019.

The Director's Responsibilities

The Director is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.



4.2.1 Independent Auditor's Report

Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Health and Disability Services Complaints Office for the year ended 30 June 2019. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Health and Disability Services Complaints Office are relevant and appropriate to assist users to assess the agency's performance and fairly represent indicated performance for the year ended 30 June 2019.

The Director's Responsibility for the Key Performance Indicators

The Director is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Director determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Director is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.





4.2.1 Independent Auditor's Report

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Health and Disability Services Complaints Office for the year ended 30 June 2019 included on the agency's website. The agency's management is responsible for the integrity of the agency's website. This audit does not provide assurance on the integrity of the agency's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.

SANDRA LABUSCHAGNE
DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
30 August 2019

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4.2.2 Certification of Financial Statements



Disclosures and Legal Compliance

Financial Statements

Certification of Financial Statements

For the reporting period ended 30 June 2019

The accompanying financial statements of Health and Disability Services Complaints Office have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2019 and the financial position as at 30 June 2019.

At the date of signing we are not aware of any circumstances which would render the particulars included within the financial statements misleading or inaccurate.

Pratthana Hunt
CHIEF FINANCE OFFICE

29 August 2019

Sarah Cowie
DIRECTOR
ACCOUNTABLE AUTHORITY

29 August 2019





HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE

STATEMENT OF COMPREHENSIVE INCOME

as at 30 June 2019

	Notes	2019	2018
COST OF SERVICES			
Expenses			
Employee benefits expense	2.1(a)	1,836,199	2,078,987
Supplies and services	2.2	281,264	301,505
Depreciation expense	4.1.1	1,903	1,903
Other expenses	2.3	538,314	493,081
Repairs, maintenance and consumable equipment	2.4	23,586	7,343
Total cost of services		2,681,266	2,882,819
Income			
<i>Revenue</i>			
Commonwealth grants and contributions	3.2	20,329	27,642
Other revenue	3.3	1,935	3,049
Total revenue		22,264	30,691
Total income other than income from State Government		22,264	30,691
NET COST OF SERVICES		2,659,002	2,852,128
Income from State Government			
Service appropriation	3.1	2,651,000	2,871,000
Services received free of charge	3.1	265,335	292,092
Total income from State Government		2,916,335	3,163,092
SURPLUS FOR THE PERIOD		257,333	310,964
OTHER COMPREHENSIVE INCOME			
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		257,333	310,964

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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4.2.4 Statement of Financial Position



HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE

STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Notes	2019	2018
ASSETS			
Current Assets			
Cash and cash equivalents	6.1	1,248,285	916,021
Restricted cash and cash equivalents	6.1	4,284	13,923
Receivables	5.1	2,167	10,893
Other current assets	5.2	20,377	22,895
Total Current Assets		1,275,113	963,732
Non-Current Assets			
Plant and equipment	4.1	1,745	3,648
Total Non-Current Assets		1,745	3,648
TOTAL ASSETS		1,276,858	967,380
LIABILITIES			
Current Liabilities			
Payables	5.3	134,954	78,054
Employee related provisions	2.1(b)	316,842	361,998
Total Current Liabilities		451,796	440,052
Non-Current Liabilities			
Employee related provisions	2.1(b)	131,908	91,507
Total Non-Current Liabilities		131,908	91,507
TOTAL LIABILITIES		583,704	531,559
NET ASSETS		693,154	435,821
EQUITY			
Accumulated surplus		693,154	435,821
TOTAL EQUITY		693,154	435,821

The Statement of Financial Position should be read in conjunction with the accompanying notes.

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4.2.5 Statement of Changes in Equity

HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE

STATEMENT OF CHANGES IN EQUITY

as at 30 June 2019

	Notes	Accumulated surplus	Total Equity
Balance at 1 July 2017		817,857	817,857
Surplus		310,964	310,964
Total comprehensive income for the period		310,964	310,964
Transactions with owners in their capacity as owners:			
Distributions to owners		(693,000)	(693,000)
Total		(693,000)	(693,000)
Balance at 30 June 2018		435,821	435,821
Balance at 1 July 2018		435,821	435,821
Surplus		257,333	257,333
Total comprehensive income for the period		257,333	257,333
Balance at 30 June 2019		693,154	693,154

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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4.2.6 Statement of Cash Flows

HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE

STATEMENT OF CASH FLOWS

as at 30 June 2019

	Notes	2019	2018
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		2,651,000	2,871,000
Distributions to owners - Return of funds to State Government		-	(693,000)
Net cash provided by State Government		2,651,000	2,178,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(1,806,988)	(2,063,776)
Supplies and services		(112,300)	(128,171)
Repairs, maintenance and consumable equipment		(38,714)	(7,343)
Other payments		(392,637)	(396,911)
Receipts			
Commonwealth grants and contributions		20,329	27,642
Other receipts		1,935	3,049
Net cash used in operating activities		(2,328,375)	(2,565,510)
Net increase/(decrease) in cash and cash equivalents		322,625	(387,510)
Cash and cash equivalents at the beginning of the period		929,944	1,317,454
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.1	1,252,569	929,944

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

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HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE

NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2019

1. Basis of Preparation

The Office is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Office is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Office on 29 August 2019.

Statement of Compliance

These general purpose financial statements are prepared in accordance with:

- 1) The Financial Management Act 2006 (FMA)
- 2) The Treasurer's Instructions (TIs)
- 3) Australian Accounting Standards (AASs) – Reduced Disclosure Requirements
- 4) Where appropriate, those AAS paragraphs applicable for not for profit entities have been applied

The *Financial Management Act 2006* and the Treasurer's Instructions take precedence over AASs. Several AASs are modified by TIs to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to, transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

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4.2.7 Notes to the Financial Statements



HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE

NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2019

2. Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the Office's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Office in achieving its objectives and the relevant notes are:

		2019	2018
Employee benefits expenses	2.1(a)	1,836,199	2,078,987
Employee benefit provisions	2.1(b)	448,750	453,505
Supplies and services	2.2	281,264	301,505
Other expenses	2.3	538,314	493,081
Repairs, maintenance and consumable equipment	2.4	23,586	7,343

2.1(a) Employee benefits expenses

	2019	2018
Wages and salaries	1,665,798	1,777,561
Termination benefits	-	124,481
Superannuation – defined contribution plans	170,401	176,945
Total employee benefits expenses	1,836,199	2,078,987

Wages and salaries: Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, and leave entitlements.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Office is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds. The employer contribution paid to the Government Employees Superannuation Board (GESB) in respect of the GSS is paid back into the Consolidated Account by the GESB.

GSS (concurrent contributions) is a defined benefit scheme for the purposes of employees and whole of government reporting. It is however a defined contribution plan for Office purposes because the concurrent contributions (defined contributions) made by the Office to GESB extinguishes the Office's obligations to the related superannuation liability.

The Office does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. The Liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Office to the GESB.

The GESB and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

2.1(b) Employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2019	2018
Current		
<u>Employee benefits provisions</u>		
Annual leave ^(a)	172,755	156,166
Long service leave ^(b)	144,087	205,832
Total current employee related provisions	316,842	361,998



4.2.7 Notes to the Financial Statements

HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2019

Non-current

Employee benefits provision

Long service leave ^(b)	131,908	91,507
Total non-current employee related provisions	131,908	91,507
Total employee related provisions	448,750	453,505

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4.2.7 Notes to the Financial Statements

HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE

NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2019

(a) **Annual leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

(b) **Long service leave liabilities:** Unconditional long service leave provisions are classified as current liabilities as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Office has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision for long service leave is calculated at present value as the Office does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the Office's long service leave provision. These include:

- Expected future salary rates
- Discount rates
- Employee retention rates; and
- Expected future payments

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

2.2 Supplies and Services

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

	2019	2018
Communications	24,547	34,940
Medical advice and consultations	1,800	530
Fuel, light and power	4,616	4,462
Computer services	125,465	142,674
Legal expenses	41,152	59,204
Printing and stationary	14,233	8,245
Food Supplies	720	800
Administration consultancies	35,804	1,046
Information Technology consultancies	19,145	35,597
Other	13,782	14,007
	281,264	301,505

2.3 Other expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

	2019	2018
Employment on-costs - Workers compensation insurance	14,553	13,086
Staff development and transport costs	44,585	30,381
Insurance	5,863	5,532
Motor vehicle expenses	12,833	20,441
Operating lease expense - Accommodation	331,180	319,125
Doubtful debts expense	-	4,442
Human resource consultancies	67,408	61,287
Audit fees	31,230	23,319
Accounting and financial consultancies	11,414	10,839
Other	19,248	4,629
	538,314	493,081



4.2.7 Notes to the Financial Statements

HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2019

2.4 Repairs, maintenance and consumable equipment

	2019	2018
Repairs and maintenance	-	460
Consumable equipment	23,586	6,883
	<u>23,586</u>	<u>7,343</u>

Repairs and maintenance: Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

Employee on-cost includes workers' compensation insurance. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Doubtful debts expense was recognised as the movement in the allowance for doubtful debts. From 2018-19, expected credit losses expense is recognised as the movement in the allowances for expected credit losses. The allowance for expected credit losses of trade receivables is measured at the lifetime expected credit losses at each reporting date. The Office estimates the provision based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to note 5.1 movement in the allowance for impairment of trade receivables.

Operating lease expense: Operating lease payments are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

Human Resource consultancies: The expenditure represents human resource consultancies provided free of charge from the Health Support Services, and external parties contracted to assist in the recruitment of staff.

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4.2.7 Notes to the Financial Statements



HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE

NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2019

3. Our Funding Sources

How we obtain our funding

This section provides additional information about how the Office obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Office and the relevant notes are:

	2019	2018
Income from state government	2,916,335	3,163,092
Commonwealth grants and contributions	20,329	27,642
Other revenue	1,935	3,049

3.1 Income from State Government

	2019	2018
<i>Appropriation received during the period:</i>		
Service appropriation ^(a)	2,651,000	2,871,000

Services received free of charge from other State government agencies during the period: ^(b)

Department of Finance - Depreciation of the leasehold fitout provided free of charge	62,436	62,616
State Solicitor's Office - legal fees	41,152	59,204
Department of Health - support services	6,050	5,007
Health Support Services - ICT, human consultancy, finance and supply services	155,697	165,265
	<u>265,335</u>	<u>292,092</u>
Total Income from State Government	<u>2,916,335</u>	<u>3,163,092</u>

(a) **Service Appropriations** are recognised as revenues at fair value in the period in which the Office gains control of the appropriated funds. The Office gains control of appropriated funds at the time those funds are deposited in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury. Service appropriations fund the net cost of services delivered. Appropriation revenue comprises of cash component.

(b) **Services received free of charge** or for nominal cost are recognised as revenue at fair value of the service that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services representing contributions by owners are recognised directly to equity.

3.2 Commonwealth grants and contributions

The Office provides its services to the Indian Ocean Territories through a service delivery arrangement with the Australian Federal Government. The terms of the service delivery arrangement specified that the grant must be used to provide complaints management and complaints education services to the Christmas and Cocos Islands.

The grant has been recognised in its entirety upon receipt. The only condition applying to its use is how it can be expended. The grant is not subject to performance measures in terms of service delivery.

	2019	2018
Recurrent grant - Christmas and Cocos Islands	20,329	27,642

3.2(a) Other statement of receipts and payments - Commonwealth grant Christmas and Cocos Islands

Balance at start of period	13,923	(6,217)
<i>Add Receipts</i>		
Commonwealth grants	20,329	27,642
<i>Less Payments</i>		
Salaries and wages	(20,377)	(7,502)
Travel expenses	(7,544)	-
Promotion expenses	(2,047)	-
Balance at end of period	<u>4,284</u>	<u>13,923</u>

3.3 Other revenue

	2019	2018
Government vehicle scheme contribution	1,935	3,049
Total Other Revenue	<u>1,935</u>	<u>3,049</u>



4.2.7 Notes to the Financial Statements

HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE

NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2019

4. Key assets

This section includes information regarding the key assets the Office utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	2019	2018
Plant and equipment	1,745	3,648

4.1 Plant and equipment

1 July 2018

	Office Equipment	Total
Gross carrying amount	7,612	7,612
Accumulated depreciation	(3,964)	(3,964)
Carrying amount at the start of the year	3,648	3,648
Depreciation	(1,903)	(1,903)
Carrying amount at 30 June 2019	1,745	1,745
Gross carrying amount	7,612	7,612
Accumulated depreciation	(5,867)	(5,867)

Initial recognition

Items of plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Subsequent measurement

All plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment losses.

4.1.1 Depreciation and impairment

	2019	2018
Office Equipment	1,903	1,903
Total depreciation for the period	1,903	1,903

Finite useful lives

All plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for office equipment is 4 years.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.



4.2.7 Notes to the Financial Statements

HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2019

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

As at 30 June 2019 there were no indications of impairment of office equipment.

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4.2.7 Notes to the Financial Statements

HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2019

5. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Office's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2019	2018
Receivables	5.1	2,167	10,893
Other current assets	5.2	20,377	22,895
Payables	5.3	134,954	78,054

5.1 Receivables

	2019	2018
Account Receivables	143	427
Accrued revenue	957	608
GST receivable	-	903
Paid parental leave recoverable from Commonwealth Government	-	8,364
Amounts due from employees for salary over-payments	1,067	3,801
Allowance for impairment of salary over-payments	-	(3,210)
Total current receivables	2,167	10,893

The Office does not hold any collateral or other credit enhancements as security for receivables.

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

5.2 Other current assets

	2019	2018
Prepayments	20,377	22,895

Prepayments for the Office includes accommodation lease payments, training vouchers and consumable equipment.

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.3 Payables

	2019	2018
Trade payables	16,197	35,996
Other payables	41,002	3,579
Accrued expenses	40,702	11,317
Accrued salaries	37,053	27,162
Total current payables	134,954	78,054

Payables are recognised at the amounts payable when the Office becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as settlement is generally within 30 days.

Accrued expenses represent good and services received at year end, which the supplier has not provided an invoice.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight after the reporting period. The Office considers the carrying amount of accrued salaries to be equivalent to its fair value.



4.2.7 Notes to the Financial Statements

HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2019

6. Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the Office.

	Notes	2019	2018
Cash and cash equivalents	6.1	1,252,569	929,944
Commitments	6.2		
Non-cancellable operating lease commitments - Accommodation	6.2.1	1,112,927	1,391,159
Other expenditure commitments - Information Technology services	6.2.2	66,338	102,465

6.1 Cash and cash equivalents

	2019	2018
Cash and cash equivalents	1,248,285	916,021
Restricted cash and cash equivalents		
– Recurrent grant from Commonwealth Department of Infrastructure, Regional Development and Cities ^(a)	4,284	13,923
Balance at end of period	1,252,569	929,944

(a) Funds to service the Indian Ocean Territories - see note 3.2

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

6.2 Commitments

6.2.1 Non-cancellable operating lease commitments - Accommodation

	2019	2018
Non-cancellable operating lease commitments - Accommodation		
Commitments for minimum lease payments are payable as follows:		
Within 1 year	278,232	278,232
Later than 1 year and not later than 5 years	834,695	1,112,927
	1,112,927	1,391,159

The commitment for accommodation are inclusive of GST.

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties. The Office has entered into a property lease for the 2nd floor Albert Facey House, Perth for its accommodation. The lessor retains substantially all the risks and rewards incidental to ownership of the building. Accordingly, the lease has been classified as an operating lease.

6.2.2 Other expenditure commitments

	2019	2018
Other expenditure commitments (IT services and equipment) contracted at the end of reporting period, but not recognised as liabilities, are as follows:		
Within 1 year	43,009	20,493
Later than 1 year and not later than 5 years	23,329	81,972
	66,338	102,465

The commitment for Information Technology services are inclusive of GST.





4.2.7 Notes to the Financial Statements

HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2019

7. Financial Instruments

7.1 Financial Instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2019	2018
<u>Financial assets</u>		
Cash and cash equivalents	1,248,285	916,021
Restricted cash and cash equivalents	4,284	13,923
Receivables ^(a)	-	9,990
Financial assets at amortised cost ^(a)	2,167	-
Total financial assets	1,254,736	939,934
<u>Financial liabilities</u>		
Payables	134,955	78,054
Total financial liability	134,955	78,054

(a) The amount of Receivables/Financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

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4.2.7 Notes to the Financial Statements

HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE

NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2019

8. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	8.1
Initial application of Australian Accounting Standards	8.2
Key management personnel	8.3
Related party transactions	8.4
Remuneration of auditors	8.5
Supplementary financial information	8.6
Explanatory statement	8.7

8.1 Events occurring after the end of the reporting period

There were no events occurring after the reporting date that impacted on the financial statements.

8.2 Initial application of Australian Accounting Standards

AASB 9 Financial instruments

AASB 9 Financial instruments replaces *AASB 139 Financial instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Health and Disability Services Complaints Office applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changed in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, Health and Disability Services Complaints Office has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in Accumulated surplus/(deficit).

The effect of adopting AASB 9 was assessed as not material and therefore no adjustment was required to be made.

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through the Profit and Loss). The classification is based on two criteria: the Office's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Office's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Office.

- *Trade and other receivables* classified as *Receivables* as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

- The Office did not designate any financial assets as at fair value through the Profit and Loss.





4.2.7 Notes to the Financial Statements

HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2019

In summary, upon the adoption of AASB 9, the Office had the following reclassifications as at 1 July 2018:

	AASB 9 Category		Fair Value through Profit and Loss
	Amortised Cost	Fair Value through OCI	
AASB 139 Category			
Receivables			
Trade and other receivables	9,990	-	-
	9,990	-	-

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Office's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Office to recognise an allowance for ECLs for all financial assets not held at fair value through the Profit and Loss.

Upon adoption of AASB 9, the effect was assessed as not material, and therefore no adjustment was required to be made.

8.3 Key management personnel

The Office has determined key management personnel to include the responsible minister and senior officers of the Office. The Office does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the Office for the reporting period are presented within the following bands:

Compensation band (\$)	2019	2018
310,001 - 320,000	-	1
300,001 - 310,000	1	-
	1	1
	2019	2018
	308,617	311,494

Total compensation of senior officers

Total compensation includes the superannuation expense incurred by the Office in respect of senior officers.

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8.4 Related party transactions

The Office is a wholly owned public sector entity that is controlled by of the State of Western Australia.

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Related parties of the Office include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly owned public sector entities);
- associates and joint ventures of a wholly owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

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Material transactions with related parties

Outside of normal citizen type transactions with the Office, there were no related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

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8.5 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2019	2018
Auditing the accounts, financial statements, controls, and key performance indicators	23,883	23,530



4.2.7 Notes to the Financial Statements

HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE

NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2019

8.6 Supplementary financial information

(a) Write-offs

During the financial year, \$3,211 (2018: \$3,809) was written off under the authority of:

	2019	2018
The accountable authority	3,211	3,809

(b) Losses through theft, defaults and other causes

During the financial year, there was no losses through theft, defaults and other causes.

8.7 Explanatory Statement

The Office is exempted from TI945 Explanatory Statements, which requires the reporting of significant variances between the actual results for 2019 and 2018, and estimated and actual results for 2019, as the Office's Total Cost of Services is below \$3 million for the two most recent consecutive comparative periods.

TI945 Paragraph (1)(ii)

This instruction applies to accountable authorities of:

Each general government sector agency preparing Estimates as defined in paragraphs (2)(i)(b)-(c) of this instruction (where applicable) and where their Total Cost of Services exceeds \$3 million for the two most recent consecutive comparative periods.

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4.3 Estimates of Expenditure S40 Financial Management Act 2006

As required under Section 40 of the *Financial Management Act 2006* and *Treasurer's Instruction 953* the Annual Financial Estimates for HaDSCO for the 2019-20 financial year are provided in the table below. The Deputy Premier; Minister for Health; Mental Health approved the budget estimates on 18 June 2019.

Health and Disability Services Complaints Office

Attachment A

s.40 Financial Management Act 2006 Submission Statement of Comprehensive Income

	Notes	2019/2020 Estimate \$
COST OF SERVICES		
Expenses		
Employee benefits expense	1	2,104,000
Supplies and services		384,126
Depreciation and amortisation expense		1,742
Depreciation on the right-of-use asset	2	190,000
Repairs, maintenance and consumable equipment		8,000
Other expenses		357,761
Interest on the right-of-use asset	2	24,000
Total cost of services		3,069,629
INCOME		
Revenue		
Commonwealth grants and contributions	3	16,000
Other revenue	4	4,420
Total revenue		20,420
Total income other than income from State Government		20,420
NET COST OF SERVICES		3,049,209
Income from State Government		
Service appropriation		2,546,000
Services received free of charge	5	313,209
Total Income from State Government		2,859,209
DEFICIT FOR THE PERIOD		(190,000)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	6	(190,000)

Notes:

- In 2017, the Department of Health devolved certain finance functions to HaDSCO. Previously, this was incorporated as part of 'Supplies and services', as a fee for service arrangement was utilised for these functions, however, from the 2019-20 financial year, an officer has been employed to perform these functions. Accordingly, this now appears as part of 'Employee benefits expense'.
- Australian Accounting Standard Board (AASB) 16: Leases came into effect 1 January 2019. This new standard required a separate disclosure of the lease depreciation and interest expense.
- Commonwealth grant received in relation to programs for the Indian Ocean Territories. The agency anticipates this funding to be fully utilised. However, in the event these funds are not fully utilised in the 2018-19 financial year, carryover amounts will be treated as restricted cash as they have been provided for a specific purpose and there may be a requirement to return these funds if requested by the Commonwealth.
- Other revenue is related to funds received for the Senior Officers Vehicle Scheme.
- Resources received free of charge from Building Management and Works, State Solicitors Office and WA Health (Health Support Services, and Department of Health). Corresponding expenses appear within the 'Other expenses' and the 'Supplies and services' line items, which relate to building lease management, legal fees, finance, information technology, supply and human resources.
- The Department of Treasury has advised that accrual appropriation (non-cash) will not be provided to HaDSCO to fund the depreciation expense arising from adoption of AASB 16 Leases in the 2019-20 financial year. The Department is reviewing the funding mechanism for this item, and will advise if there is any change as part of the 2019-20 Mid-Year Review process.



s.40 Financial Management Act 2006 Submission
Statement of Financial Position

	Notes	2019/2020 Estimate \$
ASSETS		
Current Assets		
Cash and cash equivalents		1,124,097
Restricted cash and cash equivalents	1	-
Receivables	2	-
Other Current Assets		22,500
Total Current Assets		1,146,597
Non-Current Assets		
Plant and equipment	3	-
Intangible Asset	4	300,000
Right of Use Asset	5	564,000
Total Non-Current Assets		864,000
TOTAL ASSETS		2,010,597
LIABILITIES		
Current Liabilities		
Payables		118,711
Employee related provisions Current		362,000
Total Current Liabilities		480,711
Non-Current Liabilities		
Employee related provisions Non-Current		80,000
Lease Liability	5	576,000
Total Non-Current Liabilities		656,000
TOTAL LIABILITIES		1,136,711
NET ASSETS		873,886
EQUITY		
Contributed Equity	6	278,000
Accumulated surplus c/fwd from previous financial year		595,885
TOTAL EQUITY		873,885

Notes:

- Commonwealth grant received in relation to programs for the Indian Ocean Territories. The agency anticipates the funding to be fully utilised in the 2019-20 financial year.
- No receivables are forecasted, as collection of all receivables is anticipated within the 2019-20 financial year.
- The current fixed asset will be fully depreciated by 30 June 2020.
- The Expenditure Review Committee approved the utilisation of \$200,000 cash at bank and \$100,000 as an equity contribution in the 2019-20 financial year from the Consolidated Account, for the procurement of a new case management system to support the implementation of the National Code of Conduct for Health Care Workers in Western Australia.
- AASB16 Leases will become applicable for HaDSCO to apply from 1 July 2019. Lease arrangements classified as operating leases and were expensed under the old accounting standards (AASB 117) will now be treated as a right-of-use asset with a corresponding lease liability in the balance sheet.
- The total contributed equity comprises of \$100,000 relating to the new case management system to support the implementation of National Code of Conduct for Health Care Workers and \$178,000 relating to the capital contribution to the leases under the new accounting standard (AASB16: Leases).



**s.40 Financial Management Act 2006 Submission
Statement of Cash Flows**

	Note	2019/2020 Estimate \$
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation		2,546,000
Capital contribution from consolidated account		278,000
Net cash provided by State Government		2,824,000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits		(2,103,998)
Supplies and services and Other expenses		(435,240)
Interest payment for lease assets	1	(24,000)
Receipts		
Commonwealth grants and contributions		16,000
Other grants and contributions		-
Recoveries and other receipts		4,420
Net cash used in operating activities		(2,542,818)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments		
Purchase of non-current assets	2	(300,000)
Receipts		
Proceeds from sale of non-current assets		-
Net cash used in investing activities		(300,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments		
Repayment of finance lease liability	3	(178,000)
Receipts		
Other proceeds		-
Net cash provided by/(used in) financing activities		(178,000)
Net increase/(decrease) in cash and cash equivalents		(196,818)
Cash and cash equivalents at the beginning of the period		1,320,915
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,124,097

Notes:

- Australian Accounting Standard AASB16: Leases came into effect 1 January 2019. This new standard required a separate disclosure of the interest expense for the lease.
- The Expenditure Review Committee approved the utilisation of \$200,000 cash at bank and \$100,000 as an equity contribution in the 2019-20 financial year from the Consolidated Account, for a procurement of the new case management system to support the implementation of National Code of Conduct for Health Care Workers in Western Australia.
- Australian Accounting Standard AASB16 Leases will become applicable for HaDSCO to apply from 1 July 2019. Lease arrangements classified as operating leases and were expensed under the old accounting standards (AASB 117), will now be treated as a right-of-use asset with a corresponding lease liability in the balance sheet. Repayment of the lease liability will be funded by capital appropriation.

4.4 Key Performance Indicators

4.4.1 Certification of Key Performance Indicators



Health and Disability Services
Complaints Office

Health and Disability Services Complaints Office

Certification of Key Performance Indicators

For the reporting period ended 30 June 2019

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Health and Disability Services Complaints Office's performance and fairly represent the performance of the office for the financial year ended 30 June 2019.

Sarah Cowie
DIRECTOR
ACCOUNTABLE AUTHORITY
29 August 2019





4.4.2 Our Key Performance Indicators

Health and Disability Services Complaints Office Report on Key Performance Indicators

Government goal: Strong Communities: Safe communities and supported families.

Desired outcome: Improvement in the delivery of health and disability services.

An overview of the Health and Disability Services Complaints Office (HaDSCO) Key Performance Indicators is demonstrated in the table below:

Key Effectiveness Indicator	Services	Key Efficiency Indicators
Proportion of recommendations resulting in implementation by providers	Service One – Complaints Management: Assessment, negotiated settlement, conciliation and investigation of complaints	KPI 1.1 Percentage of complaints closed within legislation timeframes KPI 1.2 Average cost per finalised complaint
	Service Two – Education: Education and training in the prevention and resolution of complaints	KPI 2.1 Average cost per presentation, awareness raising, consultation and networking activities

Key Effectiveness Indicator

The Key Effectiveness Indicator reports on the proportion of recommendations resulting in implementation by providers. HaDSCO's key focus is to improve health, disability and mental health services. As a result of HaDSCO's complaints management processes, recommendations and agreed actions are made to service providers to improve the delivery of health, disability and mental health services.

The purpose of the Key Effectiveness Indicator is to report on the extent to which service providers are making changes to improve processes, practices and policies that arise from complaints. The table below represents the proportion of recommendations and agreed actions for service improvements implemented by service providers between 2014-15 and 2018-19.

Key Effectiveness Indicator	2014-15	2015-16	2016-17	2017-18	2018-19 Target	2018-19 Actual
Proportion of recommendations resulting in implementation by providers	64%	67%	72%	83%	72%	79%

In 2018-19, the Office exceeded the target which represents continuing performance against the desired outcome of broader systemic improvement in the provision of health, disability and mental health services.



Key Efficiency Indicators

Service One – Complaints Management: Assessment, negotiated settlement, conciliation and investigation of complaints

HaDSCO provides an impartial resolution service for complaints relating to health, disability and mental health services provided in Western Australia and the Indian Ocean Territories. HaDSCO delivers complaint management services, through assessment, negotiated settlement, conciliation and investigation of complaints.

The Key Efficiency Indicator relating to the provision of this service focuses on the percentage of complaints closed within legislative timeframes and the average cost per finalised complaint.

Key Efficiency Indicator 1.1: Percentage of complaints closed within legislation timeframes

In the management of complaints, HaDSCO works to statutory timeframes set out in the *Health and Disability Services (Complaints) Act 1995* and other enabling legislation. The table below represents the target and actual results for the legislative timeframes between 2014-15 and 2018-19:

Legislative requirement	Legislative timeframe (days)	2014-15	2015-16	2016-17	2017-18	2018-19 Target	2018-19 Actual
Preliminary assessment by Director s.34 (1)	28	100%	98%	95%	95%	95%	96%
Preliminary assessment by Director s.34 (1) (c)	56	93%	97%	90%	92%	92%	92%
Notice to provider and others s.35	14	93%	93%	95%	91%	95%	94%

In 2018-19, HaDSCO exceeded and met the forecasted targets for preliminary assessment of complaints within 28 and 56 days respectively. However, HaDSCO did not achieve the forecasted target for notification of complaints to providers by one per cent. Closer monitoring of the notification process will occur to ensure stronger performance against this indicator.

Key Efficiency Indicator 1.2: Average cost per finalised complaint

The purpose of the Key Efficiency Indicator is to demonstrate the average cost per finalised complaint. It provides information on how much each complaint costs when managed through the complaints process. HaDSCO forecasted that 2,800 complaints would be closed during the 2018-19 financial year, however, only closed 2,544, which was below the forecasted figure.

The table below demonstrates the average cost per complaint, target and actual from 2014-15 to 2018-19:

2014-15	2015-16	2016-17	2017-18	2018-19 Target	2018-19 Actual
\$694	\$740	\$594	\$741	\$690	\$713





The average cost per finalised complaint is slightly above the projected cost. This is because the number of complaints closed was lower than forecasted. The transition of new staff into the Office impacted on the time taken to resolve matters and, consequently, the numbers finalised and the average cost per complaint.

Service Two – Education: Education and training in the prevention and resolution of complaints

This service supports HaDSCO’s broader role, set out in the Stakeholder Engagement Strategy for January 2019 - June 2020.

The Key Efficiency Indicator relating to the provision of this service focuses on the average cost per presentation, awareness raising, consultation and networking activities.

Group one costs: Development, production and distribution of information

The group one costs relate to the resources that contribute to the development, production and distribution of information. During the 2018-19 financial year, HaDSCO delivered a number of projects and initiatives. Examples of work that contributed to this cost included:

- Developing tailored resources for specific stakeholder groups to raise awareness of, and provide accessibility to, HaDSCO’s services. This included releasing an Information Sheet and poster for young people; updated brochures about HaDSCO’s services including for the Indian Ocean Territories and a new easy English pamphlet about the Office.
- Preparing and distributing Complaint Report Cards to the five public Health Service Providers in WA Health, two private health service providers and the Department of Justice.
- Releasing the *Health Complaint Trends Report 2015-18* and the *Disability Services Data Collection Report 2015-18* which provide an in-depth analysis of complaint trends observed through the data collection programs under section 75 of the *Health and Disability Services (Complaints) Act 1995* and section 48A of the *Disability Services Act 1993*.
- Publication of the *Guidelines for handling complaints about mental health services* to assist service providers to develop their own complaint handling systems or enhance existing processes.

The table below demonstrates group one costs for development, production and distribution of information from 2014-15 to 2018-19:

	2014-15	2015-16	2016-17	2017-18	2018-19
Group one costs: Development, production and distribution of information	\$327,709	\$412,419	\$358,198	\$420,282	\$431,128

The Group one cost was higher in 2018-19 as a result of an increase in the number of new resources and publications produced.

Group two costs: Presentations, awareness raising, consultations and networking

The group two costs relate to the resources that contribute to presentations, awareness raising, consultations and networking. Examples of work that contributed to this cost in 2018-19 included:





- Planning and delivering metropolitan outreach, including participating in the Graylands Festival and Homeless Connect and participating in regional outreach to the Great Southern and Peel regions.
- Delivering tailored presentations about how to improve the patient experience to university students in the allied health field; the role and functions of HaDSCO to the Aboriginal Community; and the National Code of Conduct for health care workers to the Australian Association of Social Workers (WA).
- Visiting one metropolitan and two regional prisons to hold discussions with staff, about complaint matters, meet with peer support prisoners and clinical nurse managers to discuss issues relating to the provision of health services in prisons.
- Participating in Working Groups and Steering Committees, including the National Disability Insurance Scheme Interface Steering Committee and the Independent Oversight Working Group for the Royal Commission into Institutional Responses to Child Sexual Abuse to contribute to national reforms in the health and disability sectors.

The table below demonstrates group two costs for presentations, awareness raising, consultations and networking from 2014-15 to 2018-19:

	2014-15	2015-16	2016-17	2017-18	2018-19
Group two costs: Presentations, awareness raising, consultations and networking	\$452,323	\$618,629	\$537,297	\$405,957	\$435,119

Key Efficiency Indicator 2.1: Average cost per presentation, awareness raising, consultation and networking activities

The purpose of this Key Efficiency Indicator is to demonstrate the average cost per presentation, awareness raising, consultation and networking activities.

HaDSCO delivered 201 engagement activities (presentations, awareness raising, consultation and networking activities) during the 2018-19 financial year, which was slightly above the forecasted target of 200. The total number of activities included those undertaken during a visit to the Indian Ocean Territories. The activities included:

- 6 presentations to provide a range of general and tailored information to stakeholders.
- 45 awareness raising activities to promote HaDSCO's services, increase knowledge of effective complaints management practices and raise awareness of patterns and trends resulting from analysis of complaints data.
- 124 consultations with key groups to share and exchange views and seek advice.
- 26 networking opportunities to build relationships with providers, government agencies and consumer groups.

The table below represents the average cost per presentation, awareness raising, consultation and networking activities from 2014-15 to 2018-19:

	2014-15	2015-16	2016-17	2017-18	2018-19 Target	2018-19 Actual
Average cost per presentation, awareness raising, consultation and networking activities	\$865	\$2,361	\$2,546	\$2,553	\$3,120	\$2,165

The average cost per presentation, awareness raising, consultation and networking activities is under target demonstrating efficient and effective service delivery with a focus on delivering services in a cost effective manner.





4.5 Ministerial directives

Treasurer's Instruction 903(12) requires the disclosure of information on any ministerial directives relevant to the setting or achievement of desired outcomes or operational objectives, investment and financing activities. No ministerial directives were received during the financial year.

4.6 Other financial disclosures

4.6.1 Pricing policy of services

HaDSCO receives revenue under a Service Delivery Arrangement with the Australian Government. Under this arrangement HaDSCO handles enquiries and complaints from the Indian Ocean Territories (IOT) regarding the delivery of health, disability and mental health services.

Each year HaDSCO recoups costs from the Australian Government for any complaints received from the IOT. Cost recovery is based on the average cost per complaint published in the Annual Report. Administrative costs, travel costs to the territories by HaDSCO staff and any promotional materials are also recouped in full.

4.6.2 Capital works

No capital works were undertaken during the 2018-19 reporting year.

4.6.3 Employment and Industrial Relations

4.6.3.1 Comparative full time equivalent (FTE) allocation by category

The Office managed resourcing requirements with the constraint of a salary cap.

Category	2017-18	2018-19
Full-time (permanent)	9	12
Full-time (contract)	4	3
Part-time (permanent)	1	3
Part-time (contract)	2	-
Total	16	18

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4.6.3.2 Industrial relations

HaDSCO employees are employed under the *Public Service and Government Officers CSA General Agreement 2017*. The Director is employed under the *Salaries and Allowances Tribunal Act 1975*.

4.6.3.3 Staff development

Consistent with the Public Sector Commission aim of bringing leadership and expertise to the public sector to enhance integrity, effectiveness and efficiency, HaDSCO places an emphasis on developing staff to help improve performance and enhance capability.

In the past 12 months, employees have completed specialised individual training in addition to records management, cultural awareness, accountable and ethical decision making and diversity training. This has been complemented by a number of information sessions provided by other government agencies and service providers to increase awareness and understanding of contemporary issues and enhance complaint resolution services.

All new staff to the Public Sector completed the Public Sector Induction program to provide awareness of the Western Australian system of Government and structure of the public service.

4.6.3.4 Workers Compensation

In accordance with *Treasurer's Instruction 903 (13iic)*, the Office had the following workers compensation disclosures in the 2018-19 reporting year.

Category	2017-18	2018-19
Workers' compensation claims	1	Nil
Lost time injuries	1	Nil

4.6.4 Purchasing cards

In accordance with *Treasurer's Instruction 903 (13iv)*, there are no instances of a Western Australian Government Purchasing Card that has been used for a personal purpose for the 2018-19 reporting year.

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4.7 Governance disclosures

In accordance with *Treasurer's Instruction 903 (14(i)(ii)(iv))* a senior officer of HaDSCO is required to disclose particulars of any shares in the Statutory Authority held as a nominee or beneficially and details in in any subsidiary body of the agency held either as a nominee or beneficially or any insurance premium paid to indemnify any director.

4.7.1 Shares in Statutory Authorities

There are no shares held as a nominee or beneficially by a senior officer of HaDSCO in the 2018-19 reporting year.

4.7.2 Shares in subsidiary bodies

There are no shares in any subsidiary body of the agency held either as a nominee or beneficially by a senior officer of HaDSCO in the 2018-19 reporting year.

4.7.3 Insurance paid to indemnify directors

HaDSCO does not have any directors as defined by Part 3 of the *Statutory Corporations (Liability of Directors) Act 1996*.

4.8 Other legal requirements

4.8.1 Advertising

In accordance with section 175ZE of the *Electoral Act 1907*, the Office is required to report on expenditure incurred during the financial year in relation to advertising, market research, polling, direct mail and media advertising.

The total expenditure for the 2018-19 reporting year was \$3,734.59 as detailed in the table below:

Class of organisation	Amount ex GST	Organisation	2018-19 Expenditure
Advertising Agencies	\$3,397.00	White Pages Directory	\$1,297.00
		West Australian	\$2,100.00
Market Research Organisations	-	-	-
Polling Organisations	-	-	-
Direct Mail Organisations	\$337.59	Campaign Monitor	\$10.35
		Survey Monkey	\$327.24
Media Advertising Agencies	-	-	-



4.8.2 Compliance with Public Sector Standards

The senior executive understand that strong leadership, a positive organisational culture and robust governance systems are all drivers of ethical behaviour, create opportunity for improved organisational performance and public trust and confidence. The administration of the Office complies with the Public Sector Standards in Human Resource Management and the Western Australian Public Sector Code of Ethics.

Monitoring provisions also include:

- A process to ensure there are current performance management plans in place for all employees.
- A quality assurance process is undertaken prior to the final decision for recruitment, selection and appointment.
- The review and development of policies and procedures to ensure correct application in the current working environment.

A range of policies were introduced in the previous reporting year and to build upon governance and accountability measures in the 2018-19 reporting year. A Records Management Policy was introduced, and the HaDSCO Risk Register was updated to reflect the environment in which the Office operates.

In 2018-19 the Office commenced the process of establishing an Internal Audit Committee by preparing an Internal Audit Charter, Audit Committee Charter and the Strategic Audit Plan. This will provide independent assurance that the Office's risk management, governance and internal control processes are operating effectively.

The applications made for a breach of standards review and the corresponding outcomes for the reporting period are detailed in the following table:

Applications for breach of standard and corresponding outcomes for 2018-19	
Number lodged	Nil
Number of breaches found	Nil
Number still under review	Nil

4.8.3 Freedom of Information

The table below provides a summary of the applications finalised in the 2018-19 reporting year.

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Applications	2017-18	2018-19
New applications received during the year	1	-
Finalised during the year	1	-
Average time to process (days)	44	-
Outcomes	2017-18	2018-19
Full access	-	-
Edited access	1	-
Deferred access	-	-
Section 26 Access	-	-
Section 28 access	-	-
Access refused	-	-
Total decisions	1	-
Transferred to other agencies	-	-
Withdrawn	-	-
Total applications	1	-

4.8.4 Recordkeeping Plan

HaDSCO is currently transitioning to best practice records management that complies with the *State Records Act 2000*, related standards and guidelines. In accordance with the *State Records Act 2000*, an current approved Recordkeeping Plan and an approved Sector Disposal Authority (SDA) for Mental Health Records, is in place.

HaDSCO continues to develop and implement recordkeeping policies, procedures and training sessions.

- The Recordkeeping Policy 2019 was updated and endorsed by management. The policy covers records in all formats and all aspects of their management, including the roles and responsibilities of all employees.
- Recordkeeping Procedures were reviewed, updated and awaiting endorsement. The procedures address areas of improvement identified by the State Records Commission and other general records management requirements.
- As part of the recordkeeping training program, all staff completed comprehensive records management training, including the use of the records management system. There were three different training sessions conducted, which included



induction to recordkeeping, and basic and administrator levels of records management. The training was supplemented with online guides, quick reference sheets, and one-to-one training.

- Two portable barcode readers were purchased in 2018-19 to streamline file tracking and movement control, and to facilitate an audit of onsite holdings.

This enables the conduct of recordkeeping within HaDSCO to meet the legislative requirements of the State Records Act 2000 and State Records Commission Standard 2: Principle 6.

4.8.5 Disability Access and Inclusion Plan

The *Disability Services Act 1993* requires all state government departments and local governments to develop and implement a Disability Access and Inclusion Plan (DAIP). This helps to ensure people with disability have the same opportunities as other people in the community to access services, facilities and information.

Being a Statutory Authority, HaDSCO is not required to develop and implement a plan by law. However, HaDSCO considers it is important to develop and implement a DAIP that reflects our vision to empower the community and providers to collaboratively improve health, disability and mental health services, with an inclusive, highly engaged and accountable workforce.

The *Disability Services Act 1993*, *Disability Discrimination Act 1992 (Commonwealth)* and *Equal Opportunity Act 1984* are three key pieces of legislation which guide DAIP development and implementation to support the Department of Communities' vision to improve lives and move us closer to an inclusive community for all. By addressing the seven outcome requirements, HaDSCO seeks to overcome access and inclusion barriers to promote independence and fulfilling participation in the community and workplace.

The following strategies were progressed in the 2018-19 reporting year:

- The Office participated in the International Day of People with Disability event hosted by the South Metropolitan Health Service and Disability Health Network in December 2018. Involvement in the event provided the opportunity to challenge myths, improve awareness and take positive action to promote inclusion and accessibility for people with disability.
- Through HaDSCO's engagement with advocacy and peak industry groups involved in providing services to people with disability, awareness raising of the Office's services continued to be strengthened.
- HaDSCO staff completed cultural diversity training in the areas of intercultural competence, fostering inclusive cultures and understanding and addressing unconscious bias in the workplace. This training provided staff with the opportunity to reflect on inclusive environments that allow for open and respectful dialogue as a means to raise consciousness at the individual, community and organisational levels.





4.9 Government policy requirements

4.9.1 Occupational Health and Safety

In accordance with the *Public Sector Commissioner's Circular 2018/03: Code of Practice: Occupational Safety and Health in the Western Australian Public Sector*, there has been commitment from HaDSCO's Executive team to ensure the Office complies with the requirements of the *Workers Compensation and Injury Management Act 1981*.

HaDSCO's Executive team is committed to the Office providing occupational safety and health and injury management support to all workers who sustain a work or related injury or illness with a focus on safe and early return to meaningful work. Support is given to staff through workplace ergonomic assessments, an Employee Assistance Program and training opportunities.

The table below represents our annual performance in relation to the specified targets.

Indicator	2016-17 Actual	2017-18 Actual	Target	2018-19 Actual	Comment
Number of fatalities	0	0	0	0	Target achieved
Lost time injury/disease (LTI/D) incidence rate	0	1	0	0	Target achieved
Lost time injury severity rate	0	0	0	0	Target achieved
Percentage of injured workers returned to work within 13 weeks	Not applicable	Not applicable	Greater than or equal to 80%	Not applicable	Target achieved
Percentage of injured workers returned to work within 26 weeks	100%	Not applicable	Greater than or equal to 80%	Not applicable	Target achieved
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	75%	100%	Greater than or equal to 80%	80%	Target achieved

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4.9.2 Substantive equality

Substantive equality seeks to eliminate systemic forms of discrimination in the delivery of public sector services and to promote awareness of different needs of client groups.

In accordance with the *Equal Opportunity Act 1984* and the *Public Sector Commissioner's Circular 2015/01: Substantive Equality – Implementation of the Policy Framework (Addressing systemic discrimination in service delivery)*, we aim to make our services accessible to all people living in Western Australia and recognise that making a complaint can be particularly difficult for some people, due to cultural, linguistic and geographical challenges.

In an effort to achieve this, the Office:

- Enabled people to make enquiries through different mediums, such as over the telephone, in writing (letter or email) or in person by appointment.
- Promoted the TTY and country toll free number in publications and on the website.
- Provided access to publications on the website in different formats and languages including translated brochures and a brochure for Aboriginal communities about making a complaint.
- Continued to recognise that parts of its governing legislation can be difficult to comply with, for example the requirement that people make a reasonable attempt to resolve their complaint with the service provider before we progress the matter. Therefore, HaDSCO exercise's discretion about when this requirement should be enforced.

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