BOARD MEETING

AGENDA

Friday, 2 September 2011

9.30 am

Conference Room 1, Copthorne Hotel
corner Frankton Road and Adelaide Street
Queenstown

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SOUTHERN DISTRICT HEALTH BOARD MEETING

Friday, 2 September 2011
9.30 am

Conference Room 1, Copthorne Hotel, Queenstown

A G E N D A

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Confidential Session:

RESOLUTION:

That the Board move into committee to consider the agenda items listed below.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 32, Schedule 3 of the NZ Public Health and Disability Act 2000 for the passing of this resolution are as follows:

General subject:	***Reasons for passing this resolution:***	***Grounds for passing the resolution:***
Previous Public Excluded Board Minutes	Commercial sensitivity and to allow activities and negotiations to be carried on without prejudice or disadvantage	S 32(a), Schedule 3, NZ Public Health and Disability Act 2000 – that the public conduct of this part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under sections 9(2)(i), 9(2)(j) of the Official Information Act 1982, that is withholding the information is necessary to enable a Minister of the Crown or any Department or organisation holding the information to carry on, without prejudice or disadvantage, commercial activities and negotiations.
Review of Public Excluded Action Sheet	Personal privacy and to allow activities to be carried on without prejudice or disadvantage	As above, sections 9(2)(i), 9(2)(j), 9(2)(a).
Southern PHO Development	To allow activities to be carried on without prejudice or disadvantage	As above, sections 9(2)(i) and 9(2)(j).
Health Benefits Ltd – Update	Commercial sensitivity	As above, sections 9(2)(i) and 9(2)(j).
Public Excluded Advisory Committee Reports a) Clinical Advisory Committee ▪ 3 August 2011 ▪ 24 August 2011 Workshop b) Hospitals Advisory Committee ▪ 4 August 2011 ▪ 1 September ▪ Southland Hospital – Technical/Skills Laboratory and Office Accommodation c) Disability Support / Community & Public Health Advisory Committees ▪ 4 August 2011 d) Audit & Risk Committee ▪ 5 August 2011 ▪ NGO Audit Programme 2011/12	Commercial sensitivity and to allow activities and negotiations to be carried on without prejudice or disadvantage	As above, sections 9(2)(i) and 9(2)(j).

General subject:	*Reasons for passing this resolution:*	*Grounds for passing the resolution:*
Contract Approvals ▪ Hospice Contract	Commercial sensitivity and to allow activities to be carried on without prejudice or disadvantage	As above, sections 9(2)(i) and 9(2)(j).
Sentinel Events Report	Personal privacy and to allow activities to be carried on without prejudice or disadvantage	As above, sections 9(2)(i), 9(2)(j), 9(2)(a)
Risk Report	To allow activities to be carried on without prejudice or disadvantage	As above, sections 9(2)(i) and 9(2)(j).
Staffing – CEO Retirement/Appointment Process ▪ Verbal report from Appointments & Remuneration Advisory Committee	Personal privacy and to allow activities to be carried on without prejudice or disadvantage	As above, sections 9(2)(i), 9(2)(j), 9(2)(a)

SOUTHERN DISTRICT HEALTH BOARD

INTERESTS REGISTER

Board Member	Date of Entry	Interest Disclosed	Nature of Potential Interest with Southern DHB
Joe BUTTERFIELD (Chairman)	06.12.2010	**Son-in-law:** 1. Partner, Polson Higgs, Chartered Accountants. 2. Trustee, Corstorphine Baptist Community Trust	1. Does some accounting work for Southern PHO. 2. Has a mental health contract with Southern DHB.
Paul MENZIES (Deputy Chairman)	10.02.2010 10.02.2010	1. Wife a member on the Southland Child Youth Mortality Review Group. 2. Wife a member on the Child and Youth Health Advisory Committee.	1. Nil. 2. Nil.
Neville COOK	04.03.2008 04.03.2008 04.03.2008 26.03.2008	1. Board Member, Invercargill Licensing Trust. 2. Board Member, Invercargill Licensing Trust Foundation. 3. Councillor, Environment Southland. 4. Trustee, Norman Jones Foundation.	1. Possible conflict with funding requests. 2. Possible conflict with funding requests. 3. Nil. 4. Possible conflict with funding requests.
Kaye CROWTHER	09.11.2007 14.08.2008 14.08.2008 14.08.2008 12.02.2009 05.12.2010	1. Employee of WHK South. 2. Trustee of Plunket Foundation. 3. Chair of the Management Committee for the car seat rental scheme for Plunket Southland. 4. Trustee of Wakatipu Plunket Charitable Trust. 5. Corresponding member for health and family affairs, National Council of Women. 6. Member of advisory panel for No 10, Invercargill.	1. Possible conflict if DHB contracts HR services from JCL and Progressive Consulting, which are subsidiaries of WHK. 2. Nil. 3. Nil. 4. Nil. 5. Nil.
Mary FLANNERY	17.11.2010	1. Trustee, Rural Otago Primary Health Organisation 2. Associate Solicitor, Bodkins Alexandra. 3. Partner, Tayside Farm Partnership.	1. Was contracted to Southern DHB – contracts assigned to Southern PHO (will be wound up) 2. Nil 3. Nil
James Malcolm MACPHERSON	28.06.2005 09.03.2011 16.10.2009 25.11.2010 25.11.2010 25.11.2010 28.08.2007 09.03.2011 09.03.2011 09.03.2011	1. Member Otago Polytechnic Council. 2. Contractor and Tutor, Otago Polytechnic. 3. Member Otago Community Hospice Trust Board. 4. Member Central Lakes Trust. 5. Member Roxburgh Gorge Trail Charitable Trust. 6. Part owner, Alexandra Medical Centre. 7. Co-Principal, Brilliant New Zealand Ltd. 8. Chairman, Jolendale Charitable Trust. 9. Director, Medco Properties Ltd 10. Director, Centennial Health Ltd	1. (OP has training interests in common with the DHB, no) 2. (personal interest.) 3. OCH provides contracted services for Southern DHB, no personal involvement. 4. CLT is a community funder in its region, which includes Dunstan and Lakes District Hospitals, plus a wide range of community and primary services and service providers, and is a possible future funder. 5. Nil. 6. The AMC will be tenanted by all of Alexandra's current

Board Member	Date of Entry	Interest Disclosed	Nature of Potential Interest with Southern DHB
	13.12.2001 22.04.2003	**Spouse - Susan Elizabeth Macpherson:** 11. GP Principal, Centennial Health Ltd, Alexandra. 12. Branch Medical Advisor, ACC, Alexandra.	GPs and a pharmacy and may also house other related service providers, including midwives and the University of Otago Medical School. A range of potential conflicts, real and theoretical. 7. BNZL is a consultancy which may have an involvement with health sector organisations. 8. Nil. 9. MPL will be responsible for the tenancy of all of Alexandra's current GPs and a pharmacy and may also house other related service providers, including midwives and the University of Otago Medical School. A range of potential conflicts, real and theoretical. 10. (Any DHB decisions relating to or involving primary) 11. (health providers, PHOs or primary referred services) (are likely to have a direct personal (family) effect.) (Declare and withdraw as a matter of course.) 12. ACC is a major customer of the DHB. Remote possibility of an influence, no personal interest.
Tahu POTIKI	15.12.2007 03.04.2008 24.11.2009 03.06.2010	1. Director, Arataki Associates. 2. Representative to Te Runanga o Ngai Tahu. 3. Trustee of Ngai Tahu Charitable Trust. 4. Board Member, Relationship Services NZ. 5. Board Member, Environmental Science and Research	1. Contracted to Southern DHB, funded provider in the past ie Araiteuru Whare Hauora Ltd. 2. & 3. Treaty Partner - affiliated providers may contract to Southern DHB. Te Runanga o Ngai Tahu has right of first refusal on disposal of property. 4. No apparent conflict. 5. CRI involved in public health research.
Branko SIJNJA	07.02.2008 04.02.2009 22.06.2010	1. Director, Clutha Community Health Company Limited. 2. 0.5 FTE Director Rural Immersion Programme, Otago University School of Medicine. 3. Employee, Balclutha General Practitioners Limited	1. Operates publicly funded secondary health services under contract to Southern DHB. 2. Possible conflicts between Southern DHB and University interests. 3. Employed as a part-time GP.
Richard John THOMSON	13.12.2001 23.09.2003 29.03.2010 06.04.2011	1. Managing Director, Thomson & Cessford Ltd. 2. Director, Susanna Shaya Imports Ltd 3. Chairperson and Trustee, Hawksbury Community Living Trust. 4. Trustee, HealthCare Otago Charitable Trust. 5. Director, Composite Retail Group. 6. Councillor, Dunedin City Council.	1. Thomson & Cessford Ltd is the company name for the Acquisitions Retail Chain. Southern DHB staff occasionally purchase goods for their departments from it. 2. Susanna Shaya Imports is a homeware importing company. It has no dealings with Southern DHB. 3. Hawksbury Trust runs residential homes for intellectually disabled adults in Otago and Canterbury. It does not have contracts with Southern DHB.

Board Member	Date of Entry	Interest Disclosed	Nature of Potential Interest with Southern DHB
			4. Health Care Otago Charitable Trust regularly receives grant applications from staff and departments of Southern DHB, as well as other community organisations. 5. May have some stores that deal with Southern DHB.
Tim WARD	14.09.2009 01.05.2010 01.05.2010	1. Partner, BDO Invercargill, Chartered Accountants. 2. Trustee, Verdon College Board of Trustees. 3. Council Member, Southern Institute of Technology (SIT).	1. May have some Southern DHB patients and staff as clients. 2. Verdon is a participant in the employment incubator programme. 3. Supply of goods and services between Southern DHB and SIT.

SOUTHERN DISTRICT HEALTH BOARD

INTERESTS REGISTER FOR THE EXECUTIVE MANAGEMENT TEAM

As at July 2011

Employee Name	Date of Entry	Interest Disclosed	Nature of Potential Interest with Southern District Health Board
John Adams	27.05.2003 24.02.2004 23.11.2004 22.04.2008 18.02.2010	1. Dunedin School of Medicine (Dean). 2. Southern DHB Mental Health Service (staff member). 3. Ashburn Hall Charitable Trust (Trustee). 4. NZ Institute of Rural Health (Trustee). 5. Medical Council of New Zealand (Chair).	1. Possible conflicts between Southern DHB and University interests. 2. Possible differences in priorities and view between governance and employee. 3. The Ashburn Clinic is both a contractor to and provides similar services to the Southern DHB. 4. DHBs contract NZIRH to provide services. 5. At times, NZMC policy or opinion may conflict with or be critical of Southern DHB policy.
Vivian Blake	23.04.2007 08.02.2009	1. Executive Director on the Board of the Health Roundtable (HRT). 2. New Zealand Benchmarking Group (Chair).	1. The HRT facilitates benchmarking activity for 130 Australasian hospitals. 2. NZBG is the New Zealand Chapter of the Australasian Health Roundtable.
Richard Bunton	17.03.2004 29.04.2010 23.02.2010	1. Managing Director of Rockburn Wines Ltd. 2. Director of Mainland Cardiothoracic Associates Ltd. 3. Director of the Southern Cardiothoracic Institute Ltd. 4. Director of Wholehearted Ltd. 5. Deputy Chairman, Board of Cardiothoracic Surgery, RACS. 6. Trustee, Dunedin Heart Unit Trust. 7. Chairman, Dunedin Basic Medical Sciences Trust. 8. Otago Rugby Union (Director).	1. The only potential conflict would be if the Southern DHB decided to use this product for Southern DHB functions. 2. This company holds the Southern DHB contract for publicly funded Cardiac Surgery. Potential conflict exists in the renegotiation of this contract. 3. This company provides private cardiological services to Otago and Southland. A potential conflict would exist if the Southern DHB were to contract with this company. 4. This company is one used for personal trading and apart from issues raised in '2' no conflict exists. 5. No conflict. 6. No conflict. 7. No conflict. 8. No conflict.
Alan Clarke	20.06.2010	Nil	

Employee Name	Date of Entry	Interest Disclosed	Nature of Potential Interest with Southern District Health Board
Donovan Clarke	02.02.2011	1. Te Waipounamu Delegate, Te Piringa, National Maori Disability Advisory Group. 2. Director, Great Western Steakhouse, New Lynn, Auckland.	1. Nil. 2. Nil.
Robert Mackway-Jones	28.08.2007	1. Close association (wife) employed by Dunedin Hospital.	1. Reporting line to Purchasing Team leader.
Lexie O'Shea	01.07.2007	1. Trustee, Gilmour Trust.	1. Southland Hospital Trust.
Brian Rousseau	23.07.2004 09.03.2007 17.10.2008	1. Director of South Island Shared Services Agency Limited (SISSAL). 2. New Zealand Institute of Rural Health (NZIRH) (Trustee). 3. Southern Health Welfare Trust (Trustee).	1. SISSAL is owned jointly by the SI DHBs, and conducts planning and funding work and provider arm project work for the DHBs. 2. Otago DHB was a founding sponsor of the NZIRH. DHBs contract NZIRH to provide services. 3. Southland Hospital Trust.
Leanne Samuel	01.07.2007 01.07.2007 01.07.2007 29.10.2009 01.10.2010	1. Southern Health Welfare Trust (Trustee). 2. Member of Community Trust of Southland Health Scholarships Panel. 3. Member of Board of Studies at Southern Institute of Technology. 4. Southland Medical Foundation Inc (Member) 5. Member of National Elective Services Productivity and Workforce Programme Steering Group.	1. Southland Hospital Trust. 2. Nil. 3. Potential conflict if the DHB purchases services from this organisation. 4. Southland Trust. 5. Nil.
John Simpson		Nil	
David Tulloch	23.11.2010 02.06.2011	1. Southland Urology (Director) 2. Southern Surgical Services (Director) 3. UA Central Otago Urology Services Limited (Director)	1. Potential conflict if DHB purchases services. 2. Potential conflict if DHB purchases services. 3. Potential conflict if DHB purchases services.
Ian Macara (in attendance at EMT as CEO of the Southern PHO)	26.08.2010	Nil	

Minutes of the Southern District Health Board Meeting

Friday, 5 August 2011, 10.30 am
Board Room, Community Services Building, Southland Hospital Campus, Invercargill

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Present:	Mr J G Butterfield	Chair
	Mr P E Menzies	Deputy Chair
	Mr N M Cook	
	Mrs K J Crowther	
	Mrs M T Flannery	
	Dr J M Macpherson	
	Mr T K Potiki	
	Dr B Sijnja	
	Mr R J Thomson	(by videolink from 11.40 am)
	Mr T P Ward	
In Attendance:	Mr S McLauchlan	Crown Monitor (until 3.10 pm)
	Mr B D Rousseau	Chief Executive Officer
	Mrs L O'Shea	Deputy Chief Executive Officer/Chief Operating Officer, Southland
	Mrs V J Blake	Chief Operating Officer, Otago (by videolink)
	Mr R Mackway-Jones	General Manager, Finance & Funding
	Mrs L Samuel	Chief Nursing & Midwifery Officer (from 11.40 am)
	Ms J Harvey	Communications Officer
	Ms J Kloosterman	Board Secretary (by videolink)
	Ms C Wells	CEO Support Manager (by videolink, until 2.45 pm)

1.0 APOLOGIES

An apology was received from Mr R J Thomson for lateness.

2.0 CHAIR'S OPENING COMMENTS

The Chairman welcomed everyone to the meeting and advised that an urgent item, forward exchange cover for the purchase of the Linear Accelerator, had been added to the agenda.

3.0 DECLARATION OF INTERESTS

The Chairman called for any adjustments or amendments to the Interests Register (agenda item 3). None were advised.

The Chairman asked if members were aware of any agenda items with which they may have a potential conflict and reminded them of their responsibility to advise the meeting immediately should any potential conflict arise during discussions.

It was resolved:

> **"That the Interests Register be noted."**

Unconfirmed

4.0 CONFIRMATION OF PREVIOUS MINUTES

It was resolved:

> **"That the minutes of the 7 July 2011 Board meeting be approved and adopted as a true and correct record."**

5.0 MATTERS ARISING

There were no matters arising from the previous minutes.

6.0 ACTION SHEET

The Board meeting action sheet (agenda item 6) was noted.

7.0 CHIEF EXECUTIVE OFFICER'S REPORT

The Chief Executive Officer presented his monthly report (agenda item 7), then took questions from members.

It was resolved:

> **"That the Chief Executive Officer's report be noted."**

8.0 SOUTH ISLAND ALLIANCE

Progress reports on the South Island alliance approach to: Child Health, Mental Health, Southern Cancer Network, Health of Older People, IT, and procurement, were circulated with the agenda and taken as read (agenda item 8).

Mr B D Rousseau, Chief Executive Officer, informed the Board he was lead CEO for two of the South Island initiatives and advised that the Acting Chief Executive would pick up these work streams on his departure from the DHB.

The Board requested:

- That the six monthly Child Health Service newsletter be included in the Community & Public Health Advisory Committee agenda;
- That members' comments regarding the difficulty they had interpreting the reports, due to the bureaucratic language and jargon used, be conveyed to the South Island Alliance;
- That, in future, succinct high-level progress updates that highlight the issues be submitted to the advisory committees.

It was resolved:

> **"That the reports be noted."**

Unconfirmed

9.0 FINANCIAL REPORT

Mr R Mackway-Jones, General Manager, Finance & Funding, presented the Financial Report for the period ended 30 June 2011 (agenda item 9) and answered members' questions on the financial accounts.

The Board was informed that a meeting of the Audit & Risk Committee (ARC) would be held on 18 August 2011 to sign-off the Crown Financial Statements.

Mr T P Ward, ARC Chair, acknowledged the favourable financial position for the 2011 year and congratulated staff on the good level of control and expertise applied at management level to achieve that result.

It was resolved:

"That the Financial Report be noted."

"That the Board resolve to obtain a letter of comfort from the Minister of Health."

10.0 ADVISORY COMMITTEE REPORTS

Iwi Governance Committee

The minutes of the Iwi Governance Committee (IGC) meeting held on 6 July 2011 (agenda item 12), which were reported on verbally at the last meeting, were taken as read.

It was resolved:

"That the minutes be noted."

Mr T K Potiki advised that the IGC meeting scheduled for 4 August 2011 had not been held.

The meeting adjourned at 10.57 am, to allow members to attend the official launch of the Countdown Kids Hospital Appeal, and resumed at 11.40 am.

Mr R J Thomson, Board member, and Mrs L Samuel, Chief Nursing & Midwifery Officer, joined the meeting.

Disability Support and Community & Public Health Advisory Committees

The minutes of the joint Disability Support Advisory Committee (DSAC) and Community & Public Health Advisory Committee (CPHAC) meeting held on 6 July 2011 (agenda item 10a), which were reported on verbally at the last meeting, were taken as read.

It was resolved:

"That the minutes be noted."

Unconfirmed

The Board received a verbal report from Dr J M Macpherson, DSAC/CPHAC Chair, on items considered at the joint meeting of the Committees held the previous day. He advised that concern was raised about the adequacy of resources to complete the DSAC/CPHAC work plan.

A recommendation from DSAC/CPHAC on the Suicide Prevention Action Plan was tabled.

It was resolved:

> **"That the verbal report be noted."**

Suicide Prevention Action Plan 2011-2013

It was resolved:

> **"That the Board endorse and approve the implementation of the Southern District Health Board Suicide Prevention Action Plan 2011-2013."**

<u>Hospitals Advisory Committee</u>

The minutes of the Hospitals Advisory Committee (HAC) meeting held on 6 July 2011 (agenda item 11), which were reported on verbally at the last meeting, were taken as read.

It was resolved:

> **"That the minutes be noted."**

The Board received a verbal report from Mr P E Menzies, HAC Chair, on the meeting of the committee held the previous afternoon.

It was resolved:

> **"That the verbal report be noted."**

11.0 CONTRACTS REGISTER

The Funding contracts register (expenses) for June 2011 was circulated with the agenda (item 13) for members' information.

It was resolved:

> **"That the register be noted."**

12.0 FORWARD EXCHANGE COVER FOR PURCHASE OF LINEAR ACCELERATOR

A request from the General Manager, Finance & Funding, to place forward exchange cover for the Linear Accelerator purchase was tabled.

Unconfirmed

It was resolved:

"That, notwithstanding the current policy requirements, the Board consent to acquiring USD cover of approximately NZD$4m for the Linear Accelerator purchase (under delegation)."

CONFIDENTIAL SESSION

***At 11.50 am, it* was *resolved*:**

"That the public be excluded from the meeting for consideration of the following agenda items:

General subject:	*Reasons for passing this resolution:*	*Grounds for passing the resolution:*
Meeting with Wakatipu Expert Panel – Wakatipu Health Services	To allow activities and negotiations to be carried on without prejudice or disadvantage	S 32(a), Schedule 3, NZ Public Health and Disability Act 2000 – that the public conduct of this part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under sections 9(2)(i), 9(2)(j) of the Official Information Act 1982, that is withholding the information is necessary to enable a Minister of the Crown or any Department or organisation holding the information to carry on, without prejudice or disadvantage, commercial activities and negotiations.
Meeting with National Health Board – Dunedin Hospital Review	To allow activities and negotiations to be carried on without prejudice or disadvantage	As above, sections 9(2)(i), 9(2)(j).
Previous Public Excluded Board Minutes	Commercial sensitivity and to allow activities and negotiations to be carried on without prejudice or disadvantage	As above, sections 9(2)(i), 9(2)(j).
Review of Public Excluded Action Sheet	Personal privacy and to allow activities to be carried on without prejudice or disadvantage	As above, sections 9(2)(i), 9(2)(j), 9(2)(a).
Southern PHO – Appointment of Trustees representing Southern DHB	Personal privacy and to allow activities to be carried on without prejudice or disadvantage	As above, sections 9(2)(i), 9(2)(j), 9(2)(a).

Unconfirmed

General subject:	***Reasons for passing this resolution:***	***Grounds for passing the resolution:***
National Health Board – Management of Service Change	To allow activities and negotiations to be carried on without prejudice or disadvantage	As above, sections 9(2)(i) and 9(2)(j).
National Collective Insurance Programme 2012	Commercial sensitivity and to allow activities and negotiations to be carried on without prejudice or disadvantage	As above, sections 9(2)(i) and 9(2)(j).
Public Excluded Advisory Committee Reports: a) Clinical Advisory Committee ▪ 6 July 2011 ▪ 3 August 2011 b) Hospitals Advisory Committee ▪ 6 July 2011 ▪ 4 August 2011 c) Disability Support/ Community & Public Health Advisory Committees ▪ 6 July 2011 ▪ 4 August 2011 ▪ PHO Clinical Programme Proposal d) Audit & Risk Committee ▪ 5 August 2011	Commercial sensitivity and to allow activities and negotiations to be carried on without prejudice or disadvantage	As above, sections 9(2)(i) and 9(2)(j).
Contract Approvals: ▪ Transducers and other consumables ▪ Land-line, cellular voice and data carrier ▪ Cardiothoracic Services ▪ Lease – Dunstan Community Adult Mental Health Service ▪ Regional Intellectual Disability Secure Service ▪ Intellectual Disability long stay ATR hospital beds	Commercial sensitivity and to allow activities to be carried on without prejudice or disadvantage	As above, sections 9(2)(i) and 9(2)(j).
Sentinel Events Report	Personal privacy and to allow activities to be carried on without prejudice or disadvantage	As above, sections 9(2)(i), 9(2)(j), 9(2)(a)

Unconfirmed

General subject:	Reasons for passing this resolution:	Grounds for passing the resolution:
Risk Report	To allow activities to be carried on without prejudice or disadvantage	As above, sections 9(2)(i) and 9(2)(j).
Staffing – CEO Retirement/Appointment Process (Members only)	Personal privacy and to allow activities to be carried on without prejudice or disadvantage	As above, sections 9(2)(i), 9(2)(j), 9(2)(a)

Carried

The meeting adjourned for lunch at 12.45 am and resumed at 1.15 pm.

The meeting closed at 4.00 pm.

Confirmed as a true and correct record:

Chairman: ______________________________

Date: ________________

Unconfirmed

Southern District Health Board

BOARD MEETING ACTION SHEET

As at 24 August 2011

Action Point No.	SUBJECT	ACTION REQUIRED	BY	STATUS	EXPECTED COMPLETION DATE
043-2011/02 59-2011/05	**Alcohol Law Reform Bill** (Minute item 9.0)	That a draft policy statement on alcohol be developed and submitted to CPHAC to provide direction to future service provision in this area, including the issue of education. Timeframe to be provided for completion of the draft policy statement.	PHS GMFF	Development of draft policy statement being scoped.	To be progressed as part of the SI Public Health work stream, completion Q4 2011 calendar year.
044-2011/02 60-2011/05	**Smokefree Environment Amendment Bill** (Minute item 9.0)	A draft policy statement on smokefree environments to be developed and submitted to CPHAC to provide direction to future service provision in this area. Timeframe to be provided for completion of the draft policy statement.	PHS GMFF	Development of draft policy statement being scoped.	To be progressed as part of the SI Public Health work stream, completion Q4 2011 calendar year.
67-2011/07	**Acute Theatre Access, Dunedin Hospital** (Minute item 8.0)	Where the recommendation fits in relation to the NHB review and the Annual Plan budget/financial implications to be identified.	COO (Otago)	Review findings currently under consideration.	September 2011
73-2011/08	**South Island Alliance** (Minute item 8.0)	1. Six-monthly Child Health Service newsletter to be included in CPHAC agenda. 2. Members' comments re the language and jargon used in the reports to be conveyed to the SI Alliance. 3. Succinct, high-level progress updates that highlight the issues to be submitted to the advisory committees in future.	GMFF CEO CEO GMFF COO	 The Board's views were conveyed to the SI Alliance on 10.08.11.	

WAKATIPU HEALTH SERVICES – REPORT FROM WAKATIPU EXPERT PANEL

The report from the Wakatipu Expert Panel was not available at the time of going to print. It will be forwarded to Board members by email and hard copy as soon as it is received.

CHIEF EXECUTIVE OFFICER'S REPORT

RECOMMENDATIONS:

1. That the Board note this report.

1. DHB FINANCIAL PERFORMANCE

As at 31 July 2011 the DHB result for the start of the new financial year is a $1.3m favourable variance to budget. The Governance, Funder and Provider Arm results are all ahead of budget for the month.

The Governance results were favourable due to additional funds provided to the DHB for Health Benefits Limited (HBL) activities, lower fees paid to SISSAL/HBL/DHBNZ and provider audits from a timing issue, and a salary variance from a below budget FTE and timing of indirect salary costs. The Funder result of $0.7m net surplus is attributed to claw-back for unfilled mental health positions ($0.2m), SIA/HP funds not yet allocated ($0.1m), DSS expenditure within utilisation allowances ($0.1m), funder expenditure budget but not yet allocated ($0.1m) and other primary funds not yet allocated ($0.1m).

2. PROVIDER ARM

Contract Performance

- Elective **caseweights** (CWD's) for Southern DHB are 10.33% (130.52 CWD) below plan for July 2011

- Health Target Elective **discharges** for Southern DHB are 113 behind plan for July 2011

  As a result of adverse weather, a number of surgical procedures and outpatient appointments scheduled for Monday 25th and Tuesday 26th July were postponed.

Financial Performance

- A favourable variance of $535K was recorded in the provider arm for the month of July 2011

- Revenue for July 2011 is unfavourable against plan by $36k. Expenses are favourable against budget by $571k for July 2011

Southern Clinical Services

The programme continues to focus on the clinical aspects of a Southern Clinical Service, with a dependency on clinical leadership, clinician engagement and service discussions to agree changes in practice as each service is moved towards equity of access across the Southern region.

The Rheumatology project group are working to progress a single point of entry/contact for all Rheumatology referrals. As part of the research into models of

care operating within other DHBs a presentation and discussion on models of care operating in the Wellington region has been scheduled for early September 2011.

Gastrointestinal Disease Centre

An Establishment Board has been set up to establish a Gastrointestinal Disease Centre of Excellence – a joint venture by the Dunedin School of Medicine (DSM) and the Southern DHB.

A Relationship Agreement has been signed between the DSM and the Southern DHB to formalise the parties' understandings of each other as we work together on this joint venture.

The model of care will guide the provision of high quality, affordable gastroenterology disease clinical services across the region. The research will promote advances in clinical care and the education will build excellence and knowledge in the workforce for better outcomes. Different facility options are being considered to take into account all of these components.

Current space constraints are the most challenging work stream. The new environment will need to support an increased volume of colonoscopy in line with national criteria and the potential for colorectal cancer screening to be introduced into New Zealand.

Other work includes the development of clinical pathways, the adoption of a Southern prioritisation tool and a process to address the backlog of gastroenterology procedures for the Otago population.

The concept plan for the Gastrointestinal Disease Centre is due for completion by the end of September.

3. PLANNING AND FUNDING

Primary Health Organisation (PHO) Clinical Programme

Approval has been given for the PHO to commence the first three of its 2011-12 clinical programmes; Sexual Health, Diabetes and Cardiovascular Risk programmes will now commence enabling region-wide access to these programmes for all Otago – Southland patients. Other parts of the programme continue to have a collaborative focus between the DHB and PHO. The PHO are looking to further develop and finalise other programmes as soon as possible in a phased manner. While this occurs, a number of the existing programmes (Careplus) transferred from the previous PHOs continue to be run.

Mental Health & Addictions Planning Project

Public release of the situational analysis report and needs assessment is scheduled for the end of August. This will include a service map which should be of use to consumers, providers and other stakeholders. The service maps are also being web enabled in a searchable format.

Work on the outcomes framework has been concluded. This took considerable time but was extremely useful for the core planning group to identify longer term outcomes and short to medium term impacts. The framework will be continuously developed. Focus is continuing on the gap analysis and again this is a considerable

piece of work. This analysis compares current service provision against service coverage requirements, the national services framework, the situational assessment, the needs assessment and against the outcomes developed by the group. Gap analysis will also be undertaken against the "pathways to support" work. All of this information will be compiled into a draft plan that, once recommended by the Core Planning Group to the Community & Public Health Advisory Committee and Board and approved, will be used for consultation with stakeholders. The plan may then require modification and the consultation finding and plan will need to go back to the Committee and Board for decisions. Timeframes for completion of the draft plan is being re-assessed.

Health of Older Persons Service Development - Community Models of Care

A number of workstreams are being operationalized, or are to be established, following preliminary work undertaken during a series of stakeholder consultation meetings facilitated by Auckland Uniservices. The detail of this is to be reported back to the October Disability Support and Community & Public Health Advisory Committees.

Pharmaceuticals Agreement

The national contract for pharmacies is proposed to be extended from 1 September 2011 to 30 April 2012 to allow further time for development of service initiatives. There is a collaborative national working party of pharmacy representatives, agents and DHBs to progress. Locally, we are working with pharmacists on the seven month variation.

Brian Rousseau
Chief Executive Officer

24 August 2011

SOUTHERN DHB FINANCIAL REPORT

Financial Report as at: 31 July 2011
Report Prepared by: Robert Mackway-Jones, GM Finance & Funding
Date: 18 August 2011

Recommendations:

- **That the Board note the Financial Report**

1. Consolidated Results Summary

DHB Consolidated Financial Performance July 2011

Month Actual $' 000	Month Budget $' 000	Month Variance $' 000		Year to Date Actual $' 000	Year to Date Budget $' 000	Year to Date Variance $' 000	Annual Budget $' 000
68,968	68,990	(22)	Revenue	68,968	68,990	(22)	828,419
(24,345)	(24,608)	263	Less Personnel Costs	(24,345)	(24,608)	263	(307,527)
(43,485)	(44,545)	1,060	Less Other Costs	(43,485)	(44,545)	1,060	(531,384)
1,138	(163)	1,301	Net Surplus / (Deficit)	1,138	(163)	1,301	(10,492)

- The start of the new financial year has started favourably from a net results point of view, with a $1.3m favourable variance to plan
- All 3 operating areas reported results ahead of budget.

Summary of Results July 2011

Month Actual $' 000	Month Budget $' 000	Month Variance $' 000		Year to Date Actual $' 000	Year to Date Budget $' 000	Year to Date Variance $' 000	Annual Budget $' 000
101	(1)	102	Governance	101	(1)	102	0
(503)	(1,167)	664	Funds	(503)	(1,167)	664	(10,981)
1,540	1,005	535	Provider	1,540	1,005	535	489
1,138	(163)	1,301	Net Surplus / (Deficit)	1,138	(163)	1,301	(10,492)

- As the year progresses, this section of the report will summarise the key variances contributing to any bottom line variation

2. DHB Governance Results

Month Actual $' 000	Month Budget $' 000	Month Variance $' 000		Year to Date Actual $' 000	Year to Date Budget $' 000	Year to Date Variance $' 000	Annual Budget $' 000
546	517	29	Revenue	546	517	29	6,209
(210)	(236)	26	Less Personnel Costs	(210)	(236)	26	(2,827)
(235)	(282)	47	Less Other Costs	(235)	(282)	47	(3,382)
101	(1)	102	Net Surplus / (Deficit)	101	(1)	102	0

Summary Comment:
Additional funding has been provided to DHB to part fund the activities of Health Benefits Limited, the agency assessing national collective opportunities. The associated costs for this are part of the Other Costs. Other expenditure is below budget with fees paid to SISSAL/HBL/DHBNZ and for provider audits all lower than plan and is a timing issue. The salary variance is attributable to below budget FTE and a timing issue of indirect salary costs.

3. DHB Funds Results

Month Actual $' 000	Month Budget $' 000	Month Variance $' 000		Year to Date Actual $' 000	Year to Date Budget $' 000	Year to Date Variance $' 000	Annual Budget $' 000
65,363	65,311	52	Revenue	65,363	65,311	52	783,729
0	0	0	Less Personnel Costs	0	0	0	0
(65,866)	(66,478)	612	Less Other Costs	(65,866)	(66,478)	612	(794,710)
(503)	(1,167)	664	Net Surplus / (Deficit)	(503)	(1,167)	664	(10,981)
			Expenses				
(46,860)	(47,249)	389	Personal Health	(46,860)	(47,249)	389	(564,492)
(6,928)	(7,142)	214	Mental Health	(6,928)	(7,142)	214	(85,752)
(949)	(949)	0	Public Health	(949)	(949)	0	(11,388)
(10,422)	(10,455)	33	Disability Support	(10,422)	(10,455)	33	(124,876)
(161)	(166)	5	Maori Health	(161)	(166)	5	(1,993)
(546)	(517)	(29)	Other	(546)	(517)	(29)	(6,209)
(65,866)	(66,478)	612	Expenses	(65,866)	(66,478)	612	(794,710)

Summary Comment:
The overall funder result is favourable by $0.7m. Key bottom line drivers include:

- $0.2m of claw-back for unfilled mental health positions
- $0.1m of SIA/HP funds not yet allocated
- $0.1m of DSS expenditure within utilisation allowances
- $0.1m of funder expenditure budgeted but not yet allocated
- $0.1m of other primary funds not yet allocated

Of these issues, $0.3m are timing issues, the others should be permanent differences.

Revenue

YTD, revenue is $52k above budget.

Item	$'000	Expense Line Offset (Y/N/Partial)
IDF's from Canterbury for ARC	99	Y, DSS ARC expenditure
Dementia Funding	63	Y, DSS ARC Rest Homes
Long Term Conditions funding	75	Y, DSS, AT&R expenses
PHO Performance Management funding	(79)	Y, PHO Other
PHO Careplus funding	(19)	Y, PHO Care
PHO Very Low Cost Access funding	(38)	Y, PHO Health
MoH HEHA Contracts	(17)	Y, Public - Nutrition and physical
MoH Public Health Contracts	(14)	N,
MoH PRIMHD funding	(7)	N,
All other revenue variances	(11)	
Total Revenue Variation	52	

Expenditure

Mental Health

Of the $214k favourable expenditure variance; $154k related to clawed back funding from the provider-arm for unfilled FTE positions. Not all MH purchase lines are funded on an FTE basis. The residual $60k variance related to NGO contracts with half of this variance occurring in the residential bed funding line, a likely timing issue of this demand driven service.

Disability Support

Hospital level Aged Residential Care has experienced growth in utilisation of 4.5% and 4% in the last two years. This trend is expected to continue although growth has been budgeted at 3.33% for 11/12. For the last financial year, bed days were 311,155 which was 1,076 over budget, however this included Canterbury residents (just over 2,000 bed days). Expenditure is over budget in July, however there is a lag in utilisation data, hence this may well be normal variation.

Rest Home level ARC is below budget. For the last financial year, utilisation was 521,000 bed days (1,427 beds). In 08/09 bed days were 527,000 and 511,000 in 10/11. As more home support options are developed and a restorative home support service specification is introduced, there should be a continued levelling of rest home level placements as part of supporting elderly to live safety in their own homes.

Home support allocations continue to be managed within budget, there is an underlying growth in personal care allocations which is part of supporting elderly to remain at home. This grew by 5% during 10/11.

The unfavourable variation in the AT&R line relates to the accrual of LTC expenditure (new funding devolved). This will be transferred to a new GL code during August.

Personal Health

The unfavourable variance shown in medical outpatients relates to correction of volumes paid to the provider-arm. It has no bottom line impact for the Consolidated DHB result, but will show as a monthly variance to the funder result, with the offset in the provider-arm internal revenue figure.

The favourable variance in the PHO Other line relates to the performance management programme and has an equivalent revenue offset. The budgets for both were set using the old per head rate which reduced via national agreement. There is no bottom line impact to the DHB from this as this funding is outside of PBF.

The PHO Health line has a $150k variance of which around $110k relates to SIA/HP funds that which be paid out on the commencement of the PHO's clinical programmes. Around half of the SIA funds will commence from the end of August.

The minor personal health expenditure line contains funding for primary care after hours support and workforce development. Plans are being developed by the PHO for use of these funds. This line also contains a number of small allowances for discretionary/special case expenditure that to date have not been required.

The rural support line contains the budget for a number of inflationary based adjustments to contracts that will progress over the course of the year.

The variances in the laboratories, adolescent dental and PCT lines are demand driven services and viewed as timing issues.

IDF Inflows/Outflows
There is a one month data lag with IDF information, hence no reporting or variance as yet. The budget that has been set of the personal health outflows already contains an assumption of lower outflows by around $0.9m from the default position identified in the funding package. A provision based on this assumption has therefore been used for the July accounts.

4. DHB Provider Summary Results

Month Actual $' 000	Month Budget $' 000	Month Variance $' 000		Year to Date Actual $' 000	Year to Date Budget $' 000	Year to Date Variance $' 000	Annual Budget $' 000
39,056	39,091	(35)	Revenue	39,056	39,091	(35)	469,551
(24,135)	(24,372)	237	Less Personnel Costs	(24,135)	(24,372)	237	(304,700)
(13,381)	(13,714)	333	Less Other Costs	(13,381)	(13,714)	333	(164,362)
1,540	1,005	535	Net Surplus / (Deficit)	1,540	1,005	535	489

Summary Comment:
The first month has commenced with a sizeable favourable variance driven by:
- Below budget FTE's
- Lower inpatient related pharmaceutical costs
- Below budget clinical supply expenditure particularly in blood products and implants & prosthesis

Revenue
Overall revenue is $1.9m above plan but there are a number of large unrelated variances:

Item	$'000	Expense Line Offset (Y/N/Partial)
Medium Secure ID Unit funding	(88)	Y, Salaries & expenses
Mental Health funding (Internal Revenue)	(154)	Y, Salaries (Nursing, Allied mainly)
Community Pharms + PCT Claiming	89	Y, Pharmaceuticals
Cardiology Referred Tests (Internal Revenue)	88	N, but costs in existing budgets
ACC revenue	(35)	P, variable consumable costs
Training revenue	55	
All other revenue variances	45	
Total Revenue Variation	(35)	

Personnel Expenditure
FTE are below budget by 62 in July. There is a budgeted vacancy factor (assumes rolling vacancies) of 84, meaning the different to departmental establishment numbers is 146. Of the 62, 15 FTE relate to the Medium Secure ID Unit. This development is now expected to be completed

early 2012. Management/Admin FTE numbers for the DHB as a whole total 687. The budget is set at 690 with a vacancy factor of 19 meaning an "establishment" number of 709. This compares to the original "Ministerial cap" number of 730.

Salary costs were $237k below budget for July with the prime driver for the variation being the FTE count.

Medical salaries were $100k below budget with SMO staff (excluding overtime) around 12 FTE below budget and RMO's (excluding overtime) around 2 FTE below plan. Overtime payments equated to equivalent input of 22 FTE against a budget of 12 FTE for this component. Indirect medical salary costs were in line with budget in July.

Nursing costs sit $96k favourably against budget for the month. FTEs reside well within plan for the month; 29, however 13.5 of this relates to the medium secure unit. Last month nursing FTE of 1,540 was reported this month's figure has dropped to 1,535 this figure does however includes a transfer of 7 theatre staff from the support staff type into nursing so comparatively the trend has dropped significantly. The inpatient mental health team are tracking behind plan by 6 FTE for the month, there is no associated offset as this funding line is not washed back to the funder. There are however 5 FTE's in other parts of mental health which have an associated negative revenue offset against budget due to these FTEs being washed up back to funder arm. Accident leave and other leave have exceeded budget levels but sick leave has stayed within plan. Overtime resides above budgeted parameters but is offset with a favourable variance against allowances. The overtime variation relates to patient watches, double shifts and call backs in those areas that work on call. Indirect nursing costs including training, recruitment and relocation expenses reside within plan for the month, professional fees are $18k over for the month but this variance is a timing issue and will be eliminated in future months.

Non Personnel Expenditure

The key variances within outsourced costs are medical and clinical services. Medical outsourced relate to locum cover and this is below plan in July. The above budget outsourced clinical service costs is viewed as a timing issue with more activity completed externally, it is expected the annual budget will be met.

Clinical supplies costs incurred for the month are $429k below budget in total. Key variances include blood product costs (treatment disposables), lower implant and prostheses costs; this is expected to be a timing difference. Lower inpatient pharmaceutical costs were also incurred in July 2011. These line items have been slightly offset with higher instrument and equipment costs; including disposable instruments, clinical depreciation and service contracts.

Infrastructure and non-clinical costs are favourable for the month by $70k overall. Variances seen in a number of areas are viewed as timing issues at this stage. The area with the largest unfavourable variance is Information Technology Systems and Telecommunications. The $64k unfavourable variance is driven by depreciation, hardware R&M and higher communication costs from mobiles and minor purchases of equipment.

Capital Expenditure

Reporting against the programme is being finalised pending a review of carried forward commitments. Drawdown of equity for capital programmes will be delayed as long as possible within the overall DHB cash position to minimise capital charges.

5. Financial Statements

The financial statements are attached.

Southern District Health Board

Jul-11

Part 1: DHB Governance and Funding Administration	Current Month Actual $(000)	Current Month Budget $(000)	Current Month Variance $(000)	Current Month Variance %	Year to Date Actual $(000)	Year to Date Budget $(000)	Year to Date Variance $(000)	Year to Date Variance %	Annual Budget $(000)
Part 1.1: Statement of Financial Performance									
REVENUE									
Government and Crown Agency sourced									
Internal - DHB Funder to DHB Provider	546	517	29 F	(6%)	546	517	29 F	(6%)	6,209
Other DHB's	-	-			-	-			-
Other Government	-	-			-	-			-
Government and Crown Agency Sourced Total	**546**	**517**	**29 F**	**(6%)**	**546**	**517**	**29 F**	**(6%)**	**6,209**
Other Income	-	-			-	-			-
REVENUE TOTAL	**546**	**517**	**29 F**	**(6%)**	**546**	**517**	**29 F**	**(6%)**	**6,209**
EXPENSES									
Personnel Expenses									
Medical Personnel	(6)	-	(6) U		(6)	-	(6) U		-
Nursing Personnel	-	-			-	-			-
Allied Health Personnel	-	-			-	-			-
Support Services Personnel	-	-			-	-			-
Management / Admin Personnel	(204)	(236)	32 F	(13%)	(204)	(236)	32 F	(13%)	(2,827)
Personnel Costs Total	**(210)**	**(236)**	**26 F**	**(11%)**	**(210)**	**(236)**	**26 F**	**(11%)**	**(2,827)**
Outsourced Expenses									
Medical Personnel	-	-			-	-			-
Nursing Personnel	-	-			-	-			-
Allied Health Personnel	-	-			-	-			-
Support Personnel	-	-			-	-			-
Management / Administration Personnel	-	(1)	1 F		-	(1)	1 F		(17)
Outsourced Clinical Services	-	-			-	-			-
Outsourced Corporate / Governance Services	-	-			-	-			-
Outsourced Funder Services	(58)	(69)	11 F	(16%)	(58)	(69)	11 F	(16%)	(828)
Outsourced Services Total	**(58)**	**(70)**	**13 F**	**(18%)**	**(58)**	**(70)**	**13 F**	**(18%)**	**(845)**
Clinical Supplies									
Treatment Disposables	-	-		348%	-	-		348%	-
Diagnostic Supplies & Other Clinical Supplies	-	-			-	-			-
Instruments & Equipment	-	-			-	-			-
Patient Appliances	-	-			-	-			-
Implants & Prosthesis	-	-			-	-			-
Pharmaceuticals	-	-			-	-			-
Other Clinical Supplies	-	-			-	-			-
Clinical Supplies Total	**-**	**-**		**688%**	**-**	**-**		**688%**	**-**
Infrastructure & Non Clinical Expenses									
Hotel Services, Laundry & Cleaning	(3)	(3)		(2%)	(3)	(3)		(2%)	(37)
Facilities	-	-			-	-			-
Transport	(15)	(12)	(3) U	23%	(15)	(12)	(3) U	23%	(147)
IT Systems & Telecommunications	(12)	(7)	(5) U	74%	(12)	(7)	(5) U	74%	(85)
Interest & Financing Charges	(23)	(26)	3 F	(13%)	(23)	(26)	3 F	(13%)	(314)
Professional Fees & Expenses	(74)	(92)	18 F	(20%)	(74)	(92)	18 F	(20%)	(1,106)
Other Operating Expenses	(16)	(15)		2%	(16)	(15)		2%	(183)
Democracy	(34)	(56)	21 F	(39%)	(34)	(56)	21 F	(39%)	(666)
Subsidiaries & Joint Ventures	-	-			-	-			-
Infrastructure & Non-Clinical Supplies Total	**(177)**	**(212)**	**34 F**	**(16%)**	**(177)**	**(212)**	**34 F**	**(16%)**	**(2,539)**
Internal Allocations	-	-			-	-			-
Other	-	-			-	-			-
Total Expenses	**(445)**	**(518)**	**73 F**	**(14%)**	**(445)**	**(518)**	**73 F**	**(14%)**	**(6,211)**
Net Surplus/ (Deficit)	**101**	**-**	**101 F**		**101**	**-**	**101 F**		**(2)**
Zero Check	-	-			-	-			-
Interest Costs from CHFA	-	-			-	-			-
Capital Charge	-	-			-	-			-
Part 1.2 : Full Time Equivalent Numbers									
Medical Personnel	1	-			1	-			-
Nursing Personnel	-	-			-	-			-
Allied Health Personnel	-	-			-	-			-
Support Personnel	-	-			-	-			-
Management / Adminstration Personnel	21	22			21	22			22
Total Full Equivalents (FTE's)	22	22			22	22			22

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Southern District Health Board

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Part 2: DHB provider	Current Month				Year to Date				Annual
	Actual	Budget	Variance	Variance	Actual	Budget	Variance	Variance	Budget
	$(000)	$(000)	$(000)	%	$(000)	$(000)	$(000)	%	$(000)
Part 2.1: Statement of Financial Performance									
REVENUE									
Ministry of Health									
MoH - Personal Health	4	20	(16) U	82%	4	20	(16) U	82%	738
MoH - Mental Health	-	-			-	-			-
MoH - Public Health	23	24		2%	23	24		2%	286
MoH - Disability Support Services	653	741	(88) U	12%	653	741	(88) U	12%	8,890
MoH - Maori Health	-	-			-	-			-
Clinical Training Agency	544	531	13 F	(2%)	544	531	13 F	(2%)	6,378
Internal - DHB Funder to DHB Provider	35,454	35,412	42 F		35,454	35,412	42 F		424,861
Ministry of Health Total	**36,678**	**36,728**	**(50) U**		**36,678**	**36,728**	**(50) U**		**441,153**
Other Government									
IDF's - Mental Health Services	-	-			-	-			-
IDF's - All others (non Mental health)	-	-			-	-			-
Other DHB's	35	25	10 F	(41%)	35	25	10 F	(41%)	295
Training Fees and Subsidies	40	9	30 F	(325%)	40	9	30 F	(325%)	112
Accident Insurance	724	759	(35) U	5%	724	759	(35) U	5%	8,793
Other Government	342	368	(26) U	7%	342	368	(26) U	7%	4,420
Other Government Total	**1,141**	**1,161**	**(21) U**	**2%**	**1,141**	**1,161**	**(21) U**	**2%**	**13,621**
Government and Crown Agency Total	**37,819**	**37,889**	**(70) U**		**37,819**	**37,889**	**(70) U**		**454,774**
Other Revenue									
Patient / Consumer Sourced	224	243	(18) U	7%	224	243	(18) U	7%	3,089
Other Income	1,012	959	53 F	(6%)	1,012	959	53 F	(6%)	11,688
Other Revenue Total	**1,237**	**1,202**	**35 F**	**(3%)**	**1,237**	**1,202**	**35 F**	**(3%)**	**14,777**
REVENUE TOTAL	**39,056**	**39,091**	**(36) U**		**39,056**	**39,091**	**(36) U**		**469,551**
EXPENSES									
Personnel Expenses									
Medical Personnel	(7,207)	(7,307)	100 F	(1%)	(7,207)	(7,307)	100 F	(1%)	(92,355)
Nursing Personnel	(9,483)	(9,579)	96 F	(1%)	(9,483)	(9,579)	96 F	(1%)	(118,599)
Allied Health Personnel	(3,666)	(3,699)	34 F	(1%)	(3,666)	(3,699)	34 F	(1%)	(46,574)
Support Services Personnel	(700)	(719)	19 F	(3%)	(700)	(719)	19 F	(3%)	(9,258)
Management / Admin Personnel	(3,080)	(3,068)	(12) U		(3,080)	(3,068)	(12) U		(37,913)
Personnel Costs Total	**(24,135)**	**(24,372)**	**237 F**	**(1%)**	**(24,135)**	**(24,372)**	**237 F**	**(1%)**	**(304,700)**
Outsourced Expenses									
Medical Personnel	(851)	(922)	71 F	(8%)	(851)	(922)	71 F	(8%)	(11,053)
Nursing Personnel	(2)	(3)		(4%)	(2)	(3)		(4%)	(30)
Allied Health Personnel	(28)	(14)	(14) U	105%	(28)	(14)	(14) U	105%	(163)
Support Personnel	(20)	(22)	3 F	(12%)	(20)	(22)	3 F	(12%)	(265)
Management / Administration Personnel	(22)	(2)	(20) U	829%	(22)	(2)	(20) U	829%	(28)
Outsourced Clinical Services	(737)	(527)	(210) U	40%	(737)	(527)	(210) U	40%	(6,023)
Outsourced Corporate / Governance Services	(76)	(81)	5 F	(7%)	(76)	(81)	5 F	(7%)	(962)
Outsourced Funder Services	-	-			-	-			-
Outsourced Services Total	**(1,737)**	**(1,571)**	**(166) U**	**11%**	**(1,737)**	**(1,571)**	**(166) U**	**11%**	**(18,524)**
Clinical Supplies									
Treatment Disposables	(2,114)	(2,224)	110 F	(5%)	(2,114)	(2,224)	110 F	(5%)	(27,645)
Diagnostic Supplies & Other Clinical Supplies	(147)	(147)			(147)	(147)			(1,717)
Instruments & Equipment	(1,264)	(1,173)	(90) U	8%	(1,264)	(1,173)	(90) U	8%	(14,375)
Patient Appliances	(161)	(190)	29 F	(15%)	(161)	(190)	29 F	(15%)	(2,312)
Implants & Prosthesis	(661)	(846)	186 F	(22%)	(661)	(846)	186 F	(22%)	(9,730)
Pharmaceuticals	(1,413)	(1,597)	184 F	(12%)	(1,413)	(1,597)	184 F	(12%)	(18,728)
Other Clinical Supplies	(249)	(261)	12 F	(5%)	(249)	(261)	12 F	(5%)	(3,130)
Clinical Supplies Total	**(6,009)**	**(6,438)**	**429 F**	**(7%)**	**(6,009)**	**(6,438)**	**429 F**	**(7%)**	**(77,637)**
Infrastructure & Non Clinical Expenses									
Hotel Services, Laundry & Cleaning	(1,048)	(1,065)	16 F	(2%)	(1,048)	(1,065)	16 F	(2%)	(12,760)
Facilities	(1,625)	(1,692)	67 F	(4%)	(1,625)	(1,692)	67 F	(4%)	(20,332)
Transport	(306)	(318)	12 F	(4%)	(306)	(318)	12 F	(4%)	(3,814)
IT Systems & Telecommunications	(911)	(847)	(64) U	8%	(911)	(847)	(64) U	8%	(10,140)
Interest & Financing Charges	(1,168)	(1,200)	32 F	(3%)	(1,168)	(1,200)	32 F	(3%)	(14,148)
Professional Fees & Expenses	(107)	(151)	44 F	(29%)	(107)	(151)	44 F	(29%)	(1,718)
Other Operating Expenses	(469)	(432)	(37) U	9%	(469)	(432)	(37) U	9%	(5,289)
Democracy	-	-			-	-			-
Subsidiaries & Joint Ventures	-	-			-	-			-
Infrastructure & Non-Clinical Supplies Total	**(5,635)**	**(5,705)**	**70 F**	**(1%)**	**(5,635)**	**(5,705)**	**70 F**	**(1%)**	**(68,202)**
Other Costs and Internal Allocations	-	-			-	-			-
Total Expenses	**(37,516)**	**(38,086)**	**570 F**	**(1%)**	**(37,516)**	**(38,086)**	**570 F**	**(1%)**	**(469,062)**

Southern District Health Board

Jul-11

Part 2: DHB provider	Current Month				Year to Date				Annual
	Actual	Budget	Variance	Variance	Actual	Budget	Variance	Variance	Budget
	$(000)	$(000)	$(000)	%	$(000)	$(000)	$(000)	%	$(000)
Net Surplus/ (Deficit)	**1,540**	**1,005**	**534 F**	**53%**	**1,540**	**1,005**	**534 F**	**53%**	**489**
Zero Check	-	-			-	-			-
Part 2.1 A: Supplementary Information to Statement of Financial Performance									
Depreciation - Clinical Equipment	(690)	(668)	(22) U	3%	(690)	(668)	(22) U	3%	(8,287)
Depreciation - Non Res Buildings & Plant	(590)	(605)	15 F	(3%)	(590)	(605)	15 F	(3%)	(7,609)
Depreciation - Motor Vehicles	(4)	(4)			(4)	(4)			(131)
Depreciation - Information Technology	(324)	(312)	(13) U	4%	(324)	(312)	(13) U	4%	(3,715)
Depreciation - Other Equipment	(59)	(59)	1 F	(1%)	(59)	(59)	1 F	(1%)	(715)
Total Depreciation	(1,667)	(1,648)	(19) U	1%	(1,667)	(1,648)	(19) U	1%	(20,458)
Interest Cost from Funder Loans	-	-			-	-			-
Interest Costs from CHFA	(412)	(412)			(412)	(412)			(4,877)
Financing Component of Operating Leases	(30)	(33)	3 F	(10%)	(30)	(33)	3 F	(10%)	(392)
Capital Charge	(718)	(747)	29 F	(4%)	(718)	(747)	29 F	(4%)	(8,792)
Part 1.2 : Full Time Equivalent Numbers									
Medical Personnel	449	453			449	453			452
Nursing Personnel	1,535	1,565			1,535	1,565			1,564
Allied Health Personnel	674	696			674	696			696
Support Personnel	188	193			188	193			196
Management / Administration Personnel	666	668			666	668			668
Total Full Time Equivalents (FTE's)	3,512	3,574			3,512	3,574			3,576

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Part 3: DHB Funds	Current Month Actual $(000)	Current Month Budget $(000)	Current Month Variance $(000)	Current Month Variance %	Year to Date Actual $(000)	Year to Date Budget $(000)	Year to Date Variance $(000)	Year to Date Variance %	Annual Budget $(000)
Part 3.1: Statement of Financial Performance									
REVENUE									
Ministry of Health									
MoH - Vote Health Non Mental Health	53,525	53,438	86 F		53,525	53,438	86 F		641,259
MoH - Vote Health Mental Health	6,946	6,923	23 F		6,946	6,923	23 F		83,074
PBF Adjustments	-	-			-	-			-
MoH Funding Subcontracts	2,850	3,005	(155) U	5%	2,850	3,005	(155) U	5%	36,055
Ministry of Health Total	**63,320**	**63,366**	**(46) U**		**63,320**	**63,366**	**(46) U**		**760,388**
Other Government									
IDF's - Mental Health Services	151	151			151	151			1,817
IDF's - All others (non Mental health)	1,892	1,794	99 F	(6%)	1,892	1,794	99 F	(6%)	21,524
Other Government Total	**2,044**	**1,945**	**99 F**	**(5%)**	**2,044**	**1,945**	**99 F**	**(5%)**	**23,341**
Government and Crown Agency Sourced Total	**65,363**	**65,311**	**53 F**		**65,363**	**65,311**	**53 F**		**783,729**
REVENUE TOTAL	**65,363**	**65,311**	**53 F**		**65,363**	**65,311**	**53 F**		**783,729**
EXPENSES									
Outsourced Expenses									
Outsourced Funder Services	(546)	(517)	(29) U	6%	(546)	(517)	(29) U	6%	(6,209)
Payments to Providers									
Personal Health									
Child and Youth	(335)	(339)	4 F	(1%)	(335)	(339)	4 F	(1%)	(4,070)
Laboratory	(2,565)	(2,584)	19 F	(1%)	(2,565)	(2,584)	19 F	(1%)	(31,009)
Infertility Treatment Services	(94)	(94)			(94)	(94)			(1,128)
Maternity	(201)	(199)	(2) U	1%	(201)	(199)	(2) U	1%	(2,390)
Maternity (Tertiary & Secondary)	(1,453)	(1,455)	2 F		(1,453)	(1,455)	2 F		(17,464)
Pregnancy and Parenting Education	(11)	(10)	(1) U	12%	(11)	(10)	(1) U	12%	(119)
Maternity Payment Schedule	-	-			-	-			-
Neo Natal	(672)	(672)			(672)	(672)			(8,064)
Sexual Health	(95)	(97)	2 F	(2%)	(95)	(97)	2 F	(2%)	(1,163)
Adolescent Dental Benefit	(242)	(274)	32 F	(12%)	(242)	(274)	32 F	(12%)	(2,539)
Other Dental Services	-	-			-	-			-
Dental - Low Income Adult	(76)	(76)		1%	(76)	(76)		1%	(917)
Child (School) Dental Services	(542)	(546)	4 F	(1%)	(542)	(546)	4 F	(1%)	(6,524)
Secondary / Tertiary Dental	(256)	(256)			(256)	(256)			(3,095)
Pharmaceuticals	(6,571)	(6,579)	7 F		(6,571)	(6,579)	7 F		(78,694)
Pharmaceutical Cancer Treatment Drugs	(315)	(352)	37 F	(10%)	(315)	(352)	37 F	(10%)	(4,220)
Management Referred Services	-	-			-	-			-
General Medical Subsidy	(111)	(116)	5 F	(4%)	(111)	(116)	5 F	(4%)	(1,344)
Primary Practice Services - Capitated	(3,274)	(3,255)	(18) U	1%	(3,274)	(3,255)	(18) U	1%	(39,063)
Primary Health Care Strategy - Care	(250)	(263)	13 F	(5%)	(250)	(263)	13 F	(5%)	(3,151)
Primary Health Care Strategy - Health	(319)	(469)	150 F	(32%)	(319)	(469)	150 F	(32%)	(3,195)
Primary Health Care Strategy - Other	(212)	(291)	79 F	(27%)	(212)	(291)	79 F	(27%)	(3,454)
Practice Nurse Subsidy	(17)	(15)	(2) U	14%	(17)	(15)	(2) U	14%	(211)
Rural Support for Primary Health Pro	(1,284)	(1,365)	81 F	(6%)	(1,284)	(1,365)	81 F	(6%)	(16,385)
Immunisation	(131)	(136)	4 F	(3%)	(131)	(136)	4 F	(3%)	(2,596)
Radiology	(406)	(400)	(6) U	2%	(406)	(400)	(6) U	2%	(4,796)
Palliative Care	(421)	(391)	(30) U	8%	(421)	(391)	(30) U	8%	(4,689)
Meals on Wheels	(56)	(58)	2 F	(4%)	(56)	(58)	2 F	(4%)	(702)
Domicilary & District Nursing	(1,442)	(1,443)	1 F		(1,442)	(1,443)	1 F		(17,328)
Community based Allied Health	(575)	(594)	18 F	(3%)	(575)	(594)	18 F	(3%)	(7,127)
Chronic Disease Management and Educa	(240)	(249)	9 F	(4%)	(240)	(249)	9 F	(4%)	(2,997)
Medical Inpatients	(5,394)	(5,394)			(5,394)	(5,394)			(64,728)
Medical Outpatients	(3,429)	(3,332)	(97) U	3%	(3,429)	(3,332)	(97) U	3%	(39,984)
Surgical Inpatients	(10,052)	(10,056)	4 F		(10,052)	(10,056)	4 F		(120,676)
Surgical Outpatients	(1,691)	(1,703)	12 F	(1%)	(1,691)	(1,703)	12 F	(1%)	(20,432)
Paediatric Inpatients	(621)	(621)			(621)	(621)			(7,454)
Paediatric Outpatients	(337)	(337)			(337)	(337)			(4,050)
Pacific Peoples' Health	(10)	(10)			(10)	(10)			(117)
Emergency Services	(1,533)	(1,533)			(1,533)	(1,533)			(18,394)
Minor Personal Health Expenditure	(25)	(101)	75 F	(75%)	(25)	(101)	75 F	(75%)	(1,207)
Price adjusters and Premium	901	894	8 F	1%	901	894	8 F	1%	10,723
Travel & Accomodation	(384)	(364)	(21) U	6%	(384)	(364)	(21) U	6%	(4,363)
Inter District Flow Personal Health	(2,116)	(2,115)	(1) U		(2,116)	(2,115)	(1) U		(25,376)
Personal Health Total	**(46,859)**	**(47,249)**	**390 F**	**(1%)**	**(46,859)**	**(47,249)**	**390 F**	**(1%)**	**(564,492)**

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Part 3: DHB Funds	Current Month Actual $(000)	Current Month Budget $(000)	Current Month Variance $(000)	Current Month Variance %	Year to Date Actual $(000)	Year to Date Budget $(000)	Year to Date Variance $(000)	Year to Date Variance %	Annual Budget $(000)
Mental Health									
Mental Health to allocate	-	-			-	-			-
Acute Mental Health Inpatients	(1,268)	(1,268)			(1,268)	(1,268)			(15,219)
Sub-Acute & Long Term Mental Health	(354)	(354)			(354)	(354)			(4,247)
Crisis Respite	(25)	(34)	8 F	(24%)	(25)	(34)	8 F	(24%)	(404)
Alcohol & Other Drugs - General	(334)	(346)	12 F	(3%)	(334)	(346)	12 F	(3%)	(4,153)
Alcohol & Other Drugs - Child & Youth	(85)	(106)	20 F	(19%)	(85)	(106)	20 F	(19%)	(1,282)
Methadone	(92)	(92)			(92)	(92)			(1,098)
Dual Diagnosis - Alcohol & Other Drugs	(7)	(7)		(1%)	(7)	(7)		(1%)	(83)
Dual Diagnosis - MH/ID	(9)	(5)	(3) U	60%	(9)	(5)	(3) U	60%	(64)
Eating Disorder	(11)	(14)	3 F	(23%)	(11)	(14)	3 F	(23%)	(168)
Child & Youth Mental Health Services	(700)	(723)	23 F	(3%)	(700)	(723)	23 F	(3%)	(8,688)
Forensic Services	(448)	(466)	18 F	(4%)	(448)	(466)	18 F	(4%)	(5,595)
Kaupapa Maori Mental Health Services	(121)	(147)	26 F	(18%)	(121)	(147)	26 F	(18%)	(1,768)
Kaupapa Maori Mental Health - Residential	(36)	(29)	(7) U	25%	(36)	(29)	(7) U	25%	(345)
Kaupapa Maori Mental Health - Inpati	-	-			-	-			-
Mental Health Community Services	(1,715)	(1,767)	51 F	(3%)	(1,715)	(1,767)	51 F	(3%)	(21,201)
Prison/Court Liaison	(41)	(42)	1 F	(2%)	(41)	(42)	1 F	(2%)	(505)
Mental Health Workforce Development	(1)	(1)	1 F	(45%)	(1)	(1)	1 F	(45%)	(14)
Day Activity & Work Rehabilitation S	(198)	(202)	4 F	(2%)	(198)	(202)	4 F	(2%)	(2,423)
Mental Health Funded Services for Older People	(24)	(34)	10 F	(29%)	(24)	(34)	10 F	(29%)	(405)
Advocacy / Peer Support - Consumer	(56)	(58)	2 F	(4%)	(56)	(58)	2 F	(4%)	(700)
Other Home Based Residential Support	(292)	(307)	15 F	(5%)	(292)	(307)	15 F	(5%)	(3,681)
Advocacy / Peer Support - Families	(50)	(50)			(50)	(50)			(607)
Community Residential Beds & Service	(514)	(541)	27 F	(5%)	(514)	(541)	27 F	(5%)	(6,504)
Minor Mental Health Expenditure	(58)	(61)	3 F	(5%)	(58)	(61)	3 F	(5%)	(733)
Inter District Flow Mental Health	(489)	(489)			(489)	(489)			(5,864)
Mental Health Total	**(6,928)**	**(7,142)**	**214 F**	**(3%)**	**(6,928)**	**(7,142)**	**214 F**	**(3%)**	**(85,752)**
Public Health									
Alcohol & Drug	(39)	(39)			(39)	(39)			(465)
Communicable Diseases	(57)	(57)			(57)	(57)			(686)
Injury Prevention	(2)	(2)			(2)	(2)			(25)
Screening Programmes	(423)	(406)	(18) U	4%	(423)	(406)	(18) U	4%	(4,869)
Mental Health	(17)	(17)			(17)	(17)			(199)
Nutrition and Physical Activity	(97)	(114)	17 F	(15%)	(97)	(114)	17 F	(15%)	(1,371)
Physical Environment	(53)	(53)			(53)	(53)			(640)
Public Health Infrastructure	(138)	(138)			(138)	(138)			(1,653)
Sexual Health	(16)	(15)	(1) U	5%	(16)	(15)	(1) U	5%	(182)
Social Environments	(23)	(22)		2%	(23)	(22)		2%	(265)
Tobacco Control	(83)	(84)	1 F	(1%)	(83)	(84)	1 F	(1%)	(1,008)
Well Child Promotion	(2)	(2)			(2)	(2)			(25)
Meningococcal	-	-			-	-			-
Public Health Total	**(949)**	**(949)**			**(949)**	**(949)**			**(11,388)**
Disability Support Services									
AT & R (Assessment, Treatment and Re	(1,980)	(1,918)	(62) U	3%	(1,980)	(1,918)	(62) U	3%	(23,018)
Information and Advisory	(1)	(1)		1%	(1)	(1)		1%	(6)
Needs Assessment	(116)	(115)	(2) U	2%	(116)	(115)	(2) U	2%	(1,375)
Service Co-ordination	(126)	(126)			(126)	(126)			(1,512)
Home Support	(1,083)	(1,157)	75 F	(6%)	(1,083)	(1,157)	75 F	(6%)	(13,888)
Carer Support	(121)	(168)	47 F	(28%)	(121)	(168)	47 F	(28%)	(2,019)
Residential Care: Rest Homes	(2,879)	(2,946)	67 F	(2%)	(2,879)	(2,946)	67 F	(2%)	(34,170)
Residential Care: Loans Adjustment	13	23	(9) U	(41%)	13	23	(9) U	(41%)	271
Residential Care: Hospitals	(3,386)	(3,266)	(120) U	4%	(3,386)	(3,266)	(120) U	4%	(39,189)
Ageing in Place	(111)	(114)	2 F	(2%)	(111)	(114)	2 F	(2%)	(1,364)
Environmental Support Services	(96)	(98)	2 F	(2%)	(96)	(98)	2 F	(2%)	(1,179)
Day Programmes	(27)	(23)	(4) U	16%	(27)	(23)	(4) U	16%	(459)
Expenditure to Attend Treatment ETAT	-	-			-	-			-
Respite Care	(54)	(75)	21 F	(28%)	(54)	(75)	21 F	(28%)	(899)
Community Health Services & Support	(103)	(119)	16 F	(14%)	(103)	(119)	16 F	(14%)	(1,844)
Inter District Flow Disability Support	(352)	(352)			(352)	(352)			(4,223)
Disability Support Other	-	-			-	-			-
Disability Support Services Total	**(10,422)**	**(10,455)**	**33 F**		**(10,422)**	**(10,455)**	**33 F**		**(124,875)**

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Part 3: DHB Funds	Current Month				Year to Date				Annual
	Actual	Budget	Variance	Variance	Actual	Budget	Variance	Variance	Budget
	$(000)	$(000)	$(000)	%	$(000)	$(000)	$(000)	%	$(000)
Maori Health									
Maori Service Development	(22)	(22)		(1%)	(22)	(22)		(1%)	(268)
Maori Provider Assistance Infrastruc	-	-			-	-			-
Maori Workforce Development	-	-			-	-			-
Minor Maori Health Expenditure	(24)	(27)	3 F	(11%)	(24)	(27)	3 F	(11%)	(327)
Whanau Ora Services	(115)	(116)	1 F	(1%)	(115)	(116)	1 F	(1%)	(1,398)
Maori Health Total	**(161)**	**(166)**	**4 F**	**(3%)**	**(161)**	**(166)**	**4 F**	**(3%)**	**(1,993)**
Internal Allocations	-	-			-	-			-
Total Expenses	**(65,866)**	**(66,478)**	**612 F**	**(1%)**	**(65,866)**	**(66,478)**	**612 F**	**(1%)**	**(794,710)**
Summary of Results									
Subtotal of IDF Revenue	2,044	1,945	99 F	(5%)	2,044	1,945	99 F	(5%)	23,341
Subtotal all other Revenue	63,320	63,366	(46) U		63,320	63,366	(46) U		760,388
Revenue Total	**65,363**	**65,311**	**53 F**		**65,363**	**65,311**	**53 F**		**783,729**
Subtotal of IDF Expenditure	(2,956)	(2,955)	(1) U		(2,956)	(2,955)	(1) U		(35,463)
Subtotal all other Expenditure	(62,910)	(63,523)	613 F	(1%)	(62,910)	(63,523)	613 F	(1%)	(759,247)
Expenses Total	**(65,866)**	**(66,478)**	**612 F**	**(1%)**	**(65,866)**	**(66,478)**	**612 F**	**(1%)**	**(794,710)**
Net Surplus/ (Deficit)	**(503)**	**(1,167)**	**665 F**	**(57%)**	**(503)**	**(1,167)**	**665 F**	**(57%)**	**(10,981)**
Zero Check	-	-			-	-			-

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Part 4: DHB Consolidated	Current Month Actual $(000)	Current Month Budget $(000)	Current Month Variance $(000)	Current Month Variance %	Year to Date Actual $(000)	Year to Date Budget $(000)	Year to Date Variance $(000)	Year to Date Variance %	Annual Budget $(000)
Part 4.1: Statement of Financial Performance									
REVENUE									
Ministry of Health									
MoH - Vote Health Non Mental Health	53,525	53,438	86 F		53,525	53,438	86 F		641,259
MoH - Vote Health Mental Health	6,946	6,923	23 F		6,946	6,923	23 F		83,074
PBF Adjustments	-	-			-	-			-
MoH Funding Subcontracts	2,850	3,005	(155) U	5%	2,850	3,005	(155) U	5%	36,055
MoH - Personal Health	4	20	(16) U	82%	4	20	(16) U	82%	738
MoH - Mental Health	-	-			-	-			-
MoH - Public Health	23	24		2%	23	24		2%	286
MoH - Disability Support Services	653	741	(88) U	12%	653	741	(88) U	12%	8,890
MoH - Maori Health	-	-			-	-			-
Clinical Training Agency	544	531	13 F	(2%)	544	531	13 F	(2%)	6,378
Internal - DHB Funder to DHB Provider	-	-			-	-			-
Ministry of Health Total	**64,544**	**64,682**	**(138) U**		**64,544**	**64,682**	**(138) U**		**776,680**
Other Government									
IDF's - Mental Health Services	151	151			151	151			1,817
IDF's - All others (non Mental health)	1,892	1,794	99 F	(6%)	1,892	1,794	99 F	(6%)	21,524
Other DHB's	35	25	10 F	(41%)	35	25	10 F	(41%)	295
Training Fees and Subsidies	40	9	30 F	(325%)	40	9	30 F	(325%)	112
Accident Insurance	724	759	(35) U	5%	724	759	(35) U	5%	8,793
Other Government	342	368	(26) U	7%	342	368	(26) U	7%	4,420
Other Government Total	**3,185**	**3,106**	**78 F**	**(3%)**	**3,185**	**3,106**	**78 F**	**(3%)**	**36,962**
Government and Crown Agency Total	**67,728**	**67,788**	**(60) U**		**67,728**	**67,788**	**(60) U**		**813,642**
Other Revenue									
Patient / Consumer Sourced	224	243	(18) U	7%	224	243	(18) U	7%	3,089
Other Income	1,015	959	56 F	(6%)	1,015	959	56 F	(6%)	11,688
Other Revenue Total	**1,240**	**1,202**	**38 F**	**(3%)**	**1,240**	**1,202**	**38 F**	**(3%)**	**14,777**
REVENUE TOTAL	**68,968**	**68,990**	**(22) U**		**68,968**	**68,990**	**(22) U**		**828,419**
EXPENSES									
Personnel Expenses									
Medical Personnel	(7,213)	(7,307)	94 F	(1%)	(7,213)	(7,307)	94 F	(1%)	(92,355)
Nursing Personnel	(9,483)	(9,579)	96 F	(1%)	(9,483)	(9,579)	96 F	(1%)	(118,599)
Allied Health Personnel	(3,666)	(3,699)	34 F	(1%)	(3,666)	(3,699)	34 F	(1%)	(46,574)
Support Services Personnel	(700)	(719)	19 F	(3%)	(700)	(719)	19 F	(3%)	(9,258)
Management / Admin Personnel	(3,283)	(3,303)	20 F	(1%)	(3,283)	(3,303)	20 F	(1%)	(40,740)
Personnel Costs Total	**(24,345)**	**(24,607)**	**262 F**	**(1%)**	**(24,345)**	**(24,607)**	**262 F**	**(1%)**	**(307,527)**
Outsourced Expenses									
Medical Personnel	(851)	(922)	71 F	(8%)	(851)	(922)	71 F	(8%)	(11,053)
Nursing Personnel	(2)	(3)		(4%)	(2)	(3)		(4%)	(30)
Allied Health Personnel	(28)	(14)	(14) U	105%	(28)	(14)	(14) U	105%	(163)
Support Personnel	(20)	(22)	3 F	(12%)	(20)	(22)	3 F	(12%)	(265)
Management / Administration Personnel	(22)	(4)	(18) U	483%	(22)	(4)	(18) U	483%	(45)
Outsourced Clinical Services	(737)	(527)	(210) U	40%	(737)	(527)	(210) U	40%	(6,023)
Outsourced Corporate / Governance Services	(76)	(81)	5 F	(7%)	(76)	(81)	5 F	(7%)	(962)
Outsourced Funder Services	(58)	(69)	11 F	(16%)	(58)	(69)	11 F	(16%)	(828)
Outsourced Services Total	**(1,795)**	**(1,641)**	**(153) U**	**9%**	**(1,795)**	**(1,641)**	**(153) U**	**9%**	**(19,369)**
Clinical Supplies									
Treatment Disposables	(2,114)	(2,224)	110 F	(5%)	(2,114)	(2,224)	110 F	(5%)	(27,645)
Diagnostic Supplies & Other Clinical Supplies	(147)	(147)			(147)	(147)			(1,717)
Instruments & Equipment	(1,264)	(1,173)	(90) U	8%	(1,264)	(1,173)	(90) U	8%	(14,375)
Patient Appliances	(161)	(190)	29 F	(15%)	(161)	(190)	29 F	(15%)	(2,312)
Implants & Prosthesis	(661)	(846)	186 F	(22%)	(661)	(846)	186 F	(22%)	(9,730)
Pharmaceuticals	(1,413)	(1,597)	184 F	(12%)	(1,413)	(1,597)	184 F	(12%)	(18,728)
Other Clinical Supplies	(249)	(261)	12 F	(5%)	(249)	(261)	12 F	(5%)	(3,130)
Clinical Supplies Total	**(6,009)**	**(6,438)**	**429 F**	**(7%)**	**(6,009)**	**(6,438)**	**429 F**	**(7%)**	**(77,637)**
Infrastructure & Non Clinical Expenses									
Hotel Services, Laundry & Cleaning	(1,052)	(1,068)	16 F	(1%)	(1,052)	(1,068)	16 F	(1%)	(12,797)
Facilities	(1,627)	(1,692)	66 F	(4%)	(1,627)	(1,692)	66 F	(4%)	(20,332)
Transport	(321)	(330)	9 F	(3%)	(321)	(330)	9 F	(3%)	(3,961)
IT Systems & Telecommunications	(923)	(854)	(69) U	8%	(923)	(854)	(69) U	8%	(10,225)
Interest & Financing Charges	(1,191)	(1,226)	35 F	(3%)	(1,191)	(1,226)	35 F	(3%)	(14,463)
Professional Fees & Expenses	(182)	(243)	61 F	(25%)	(182)	(243)	61 F	(25%)	(2,824)
Other Operating Expenses	(485)	(447)	(38) U	8%	(485)	(447)	(38) U	8%	(5,472)
Democracy	(34)	(56)	21 F	(39%)	(34)	(56)	21 F	(39%)	(666)
Subsidiaries & Joint Ventures	-	-			-	-			-
Infrastructure & Non-Clinical Supplies Total	**(5,815)**	**(5,916)**	**101 F**	**(2%)**	**(5,815)**	**(5,916)**	**101 F**	**(2%)**	**(70,740)**

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Part 4: DHB Consolidated	Current Month Actual $(000)	Current Month Budget $(000)	Current Month Variance $(000)	Current Month Variance %	Year to Date Actual $(000)	Year to Date Budget $(000)	Year to Date Variance $(000)	Year to Date Variance %	Annual Budget $(000)
Payments to Providers									
Personal Health									
Child and Youth	(38)	(43)	4 F	(10%)	(38)	(43)	4 F	(10%)	(512)
Laboratory	(2,564)	(2,583)	19 F	(1%)	(2,564)	(2,583)	19 F	(1%)	(31,002)
Infertility Treatment Services	-	-			-	-			-
Maternity	(145)	(143)	(2) U	1%	(145)	(143)	(2) U	1%	(1,717)
Maternity (Tertiary & Secondary)	(67)	(69)	2 F	(3%)	(67)	(69)	2 F	(3%)	(833)
Pregnancy and Parenting Education	(9)	(7)	(1) U	16%	(9)	(7)	(1) U	16%	(89)
Maternity Payment Schedule	-	-			-	-			-
Neo Natal	-	-			-	-			-
Sexual Health	-	(2)	2 F		-	(2)	2 F		(19)
Adolescent Dental Benefit	(217)	(248)	32 F	(13%)	(217)	(248)	32 F	(13%)	(2,231)
Other Dental Services	-	-			-	-			-
Dental - Low Income Adult	(57)	(57)		1%	(57)	(57)		1%	(688)
Child (School) Dental Services	(53)	(56)	4 F	(6%)	(53)	(56)	4 F	(6%)	(653)
Secondary / Tertiary Dental	(139)	(139)			(139)	(139)			(1,684)
Pharmaceuticals	(6,117)	(6,150)	33 F	(1%)	(6,117)	(6,150)	33 F	(1%)	(73,554)
Pharmaceutical Cancer Treatment Drugs	100	-	100 F		100	-	100 F		-
Management Referred Services	-	-			-	-			-
General Medical Subsidy	(111)	(116)	5 F	(4%)	(111)	(116)	5 F	(4%)	(1,344)
Primary Practice Services - Capitated	(3,274)	(3,255)	(18) U	1%	(3,274)	(3,255)	(18) U	1%	(39,063)
Primary Health Care Strategy - Care	(250)	(263)	13 F	(5%)	(250)	(263)	13 F	(5%)	(3,151)
Primary Health Care Strategy - Health	(319)	(469)	150 F	(32%)	(319)	(469)	150 F	(32%)	(3,195)
Primary Health Care Strategy - Other	(212)	(291)	79 F	(27%)	(212)	(291)	79 F	(27%)	(3,454)
Practice Nurse Subsidy	(17)	(15)	(2) U	14%	(17)	(15)	(2) U	14%	(211)
Rural Support for Primary Health Pro	(1,209)	(1,290)	81 F	(6%)	(1,209)	(1,290)	81 F	(6%)	(15,479)
Immunisation	(72)	(76)	4 F	(5%)	(72)	(76)	4 F	(5%)	(1,969)
Radiology	(149)	(143)	(6) U	4%	(149)	(143)	(6) U	4%	(1,712)
Palliative Care	(421)	(391)	(30) U	8%	(421)	(391)	(30) U	8%	(4,689)
Meals on Wheels	(22)	(24)	2 F	(9%)	(22)	(24)	2 F	(9%)	(285)
Domicilary & District Nursing	(397)	(399)	1 F		(397)	(399)	1 F		(4,792)
Community based Allied Health	(164)	(183)	18 F	(10%)	(164)	(183)	18 F	(10%)	(2,197)
Chronic Disease Management and Educa	(68)	(78)	9 F	(12%)	(68)	(78)	9 F	(12%)	(942)
Medical Inpatients	-	-			-	-			-
Medical Outpatients	(350)	(341)	(10) U	3%	(350)	(341)	(10) U	3%	(4,087)
Surgical Inpatients	(6)	(10)	4 F	(43%)	(6)	(10)	4 F	(43%)	(117)
Surgical Outpatients	(125)	(137)	12 F	(9%)	(125)	(137)	12 F	(9%)	(1,648)
Paediatric Inpatients	-	-			-	-			-
Paediatric Outpatients	-	-			-	-			-
Pacific Peoples' Health	-	-			-	-			-
Emergency Services	(147)	(147)			(147)	(147)			(1,760)
Minor Personal Health Expenditure	1	(75)	75 F	(101%)	1	(75)	75 F	(101%)	(898)
Price adjusters and Premium	(64)	(72)	8 F	(10%)	(64)	(72)	8 F	(10%)	(861)
Travel & Accomodation	(380)	(359)	(21) U	6%	(380)	(359)	(21) U	6%	(4,313)
Inter District Flow Personal Health	(2,116)	(2,115)	(1) U		(2,116)	(2,115)	(1) U		(25,376)
Personal Health Total	**(19,178)**	**(19,744)**	**567 F**	**(3%)**	**(19,178)**	**(19,744)**	**567 F**	**(3%)**	**(234,526)**
Mental Health									
Mental Health to allocate	-	-			-	-			-
Acute Mental Health Inpatients	-	-			-	-			-
Sub-Acute & Long Term Mental Health	-	-			-	-			-
Crisis Respite	(9)	(18)	8 F	(47%)	(9)	(18)	8 F	(47%)	(212)
Alcohol & Other Drugs - General	(74)	(80)	7 F	(8%)	(74)	(80)	7 F	(8%)	(966)
Alcohol & Other Drugs - Child & Youth	(76)	(97)	20 F	(21%)	(76)	(97)	20 F	(21%)	(1,171)
Methadone	-	-			-	-			-
Dual Diagnosis - Alcohol & Other Drugs	(7)	(7)		(1%)	(7)	(7)		(1%)	(83)
Dual Diagnosis - MH/ID	-	-			-	-			-
Eating Disorder	(11)	(14)	3 F	(23%)	(11)	(14)	3 F	(23%)	(168)
Child & Youth Mental Health Services	(216)	(212)	(4) U	2%	(216)	(212)	(4) U	2%	(2,562)
Forensic Services	-	-			-	-			-
Kaupapa Maori Mental Health Services	-	-			-	-			-
Kaupapa Maori Mental Health - Residentual	(36)	(29)	(7) U	25%	(36)	(29)	(7) U	25%	(345)
Kaupapa Maori Mental Health - Inpati	-	-			-	-			-
Mental Health Community Services	(117)	(106)	(11) U	11%	(117)	(106)	(11) U	11%	(1,276)
Prison/Court Liaison	-	-			-	-			-
Mental Health Workforce Development	(1)	(1)	1 F	(45%)	(1)	(1)	1 F	(45%)	(14)
Day Activity & Work Rehabilitation S	(138)	(140)	2 F	(1%)	(138)	(140)	2 F	(1%)	(1,687)
Mental Health Funded Services for Older People	-	-			-	-			-
Advocacy / Peer Support - Consumer	(23)	(25)	2 F	(10%)	(23)	(25)	2 F	(10%)	(301)
Other Home Based Residential Support	(257)	(265)	9 F	(3%)	(257)	(265)	9 F	(3%)	(3,182)
Advocacy / Peer Support - Families	(50)	(50)			(50)	(50)			(607)
Community Residential Beds & Service	(443)	(470)	27 F	(6%)	(443)	(470)	27 F	(6%)	(5,650)
Minor Mental Health Expenditure	(24)	(27)	3 F	(11%)	(24)	(27)	3 F	(11%)	(323)
Inter District Flow Mental Health	(489)	(489)			(489)	(489)			(5,864)
Mental Health Total	**(1,971)**	**(2,030)**	**60 F**	**(3%)**	**(1,971)**	**(2,030)**	**60 F**	**(3%)**	**(24,411)**

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Part 4: DHB Consolidated	Current Month				Year to Date				Annual
	Actual	Budget	Variance	Variance	Actual	Budget	Variance	Variance	Budget
	$(000)	$(000)	$(000)	%	$(000)	$(000)	$(000)	%	$(000)
Public Health									
Alcohol & Drug	-	-			-	-			-
Communicable Diseases	-	-			-	-			-
Injury Prevention	-	-			-	-			-
Mental Health	-	-			-	-			-
Screening Programmes	6	(12)	18 F	(149%)	6	(12)	18 F	(149%)	(144)
Nutrition and Physical Activity	1	(2)	3 F	(146%)	1	(2)	3 F	(146%)	(21)
Physical Environment	-	-			-	-			-
Public Health Infrastructure	-	-			-	-			-
Sexual Health	(1)	-	(1) U		(1)	-	(1) U		-
Social Environments	-	-			-	-			-
Tobacco Control	-	-			-	-			-
Well Child Promotion	-	-			-	-			-
Meningococcal	-	-			-	-			-
Public Health Total	**5**	**(14)**	**19 F**	**(140%)**	**5**	**(14)**	**19 F**	**(140%)**	**(165)**
Disability Support Services									
AT & R (Assessment, Treatment and Re	(383)	(321)	(62) U	19%	(383)	(321)	(62) U	19%	(3,849)
Information and Advisory	(1)	(1)		1%	(1)	(1)		1%	(6)
Needs Assessment	(21)	(20)	(2) U	10%	(21)	(20)	(2) U	10%	(234)
Service Co-ordination	(3)	(3)			(3)	(3)			(40)
Home Support	(1,083)	(1,157)	75 F	(6%)	(1,083)	(1,157)	75 F	(6%)	(13,888)
Carer Support	(121)	(168)	47 F	(28%)	(121)	(168)	47 F	(28%)	(2,019)
Residential Care: Rest Homes	(2,879)	(2,946)	67 F	(2%)	(2,879)	(2,946)	67 F	(2%)	(34,170)
Residential Care: Loans Adjustment	13	23	(9) U	(41%)	13	23	(9) U	(41%)	271
Residential Care: Hospitals	(3,386)	(3,266)	(120) U	4%	(3,386)	(3,266)	(120) U	4%	(39,189)
Ageing in Place	(109)	(112)	2 F	(2%)	(109)	(112)	2 F	(2%)	(1,338)
Environmental Support Services	(96)	(98)	2 F	(2%)	(96)	(98)	2 F	(2%)	(1,179)
Day Programmes	(27)	(23)	(4) U	16%	(27)	(23)	(4) U	16%	(459)
Expenditure to Attend Treatment ETAT	-	-			-	-			-
Respite Care	(54)	(75)	21 F	(28%)	(54)	(75)	21 F	(28%)	(899)
Community Health Services & Support	(82)	(99)	16 F	(17%)	(82)	(99)	16 F	(17%)	(1,600)
Inter District Flow Disability Support	(352)	(352)			(352)	(352)			(4,223)
Disability Support Other	-	-			-	-			-
Disability Support Services Total	**(8,584)**	**(8,618)**	**33 F**		**(8,584)**	**(8,618)**	**33 F**		**(102,822)**
Maori Health									
Maori Service Development	(22)	(22)		(1%)	(22)	(22)		(1%)	(268)
Minor Maori Health Expenditure	(9)	(12)	3 F	(26%)	(9)	(12)	3 F	(26%)	(144)
Whanau Ora Services	(107)	(108)	1 F	(1%)	(107)	(108)	1 F	(1%)	(1,304)
Maori Health Total	**(138)**	**(143)**	**4 F**	**(3%)**	**(138)**	**(143)**	**4 F**	**(3%)**	**(1,716)**
Internal Allocations	-	-			-	-			-
Total Expenses	**(67,830)**	**(69,152)**	**1,322 F**	**(2%)**	**(67,830)**	**(69,152)**	**1,322 F**	**(2%)**	**(838,913)**
Net Surplus/ (Deficit)	**1,138**	**(162)**	**1,300 F**	**(801%)**	**1,138**	**(162)**	**1,300 F**	**(801%)**	**(10,494)**
Zero Check	-	-			-	-			-
Part 4.1 A: Supplementary Information to Statement of Financial Performance									
Depreciation - Clinical Equipment	(690)	(668)	(22) U	3%	(690)	(668)	(22) U	3%	(8,287)
Depreciation - Non Residential Buildings & Plant	(590)	(605)	15 F	(3%)	(590)	(605)	15 F	(3%)	(7,609)
Depreciation - Motor Vehicles	(4)	(4)			(4)	(4)			(131)
Depreciation - Information Techology	(324)	(312)	(13) U	4%	(324)	(312)	(13) U	4%	(3,715)
Depreciation - Other Equipment	(59)	(59)	1 F	(1%)	(59)	(59)	1 F	(1%)	(715)
Total Depreciation	(1,667)	(1,648)	(19) U	1%	(1,667)	(1,648)	(19) U	1%	(20,458)
Interest Cost from Funder Loans	-	-			-	-			-
Interest Costs from CHFA	(412)	(412)			(412)	(412)			(4,877)
Financing Component of Operating Leases	(30)	(33)	3 F	(10%)	(30)	(33)	3 F	(10%)	(392)
Capital Charge	(718)	(747)	29 F	(4%)	(718)	(747)	29 F	(4%)	(8,792)

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Part 4: DHB Consolidated

Part 4.2: Balance Sheet

	Current Month Actual $ (000)	Previous Month Actual $(000)	Movement $(000)	Current Budget $(000)	Current Year Opening Balance Sheet $(000)	Annual Budget $(000)
Current Assets						
Petty Cash	14	14	-	13	14	13
Bank	106	3,838	(3,732)	575	3,838	583
Short Term Investments	37,791	33,442	4,349	35,400	33,442	11,000
Short Term Investments	-	-	-	-	-	-
Prepayments	2,359	2,089	270	1,808	2,089	1,808
Accounts Receivable	6,836	6,559	277	9,565	6,559	9,865
Provision for Doubtful Debts	(1,426)	(1,426)	-	(1,492)	(1,426)	(1,492)
Accrued Debtors	21,107	18,979	2,128	19,893	18,979	19,894
Inventory / Stock	4,586	4,605	(19)	4,370	4,605	4,370
Assets Held for Resale	-	-	-	-	-	-
Current Assets Total	**71,373**	**68,099**	**3,274**	**70,132**	**68,099**	**46,041**
Non Current Assets						
Land, Buildings & Plant	230,195	229,596	599	234,225	229,596	240,663
Clinical Equipment	101,322	99,470	1,852	112,744	99,470	126,717
Other Equipment (incl Finance Leases)	12,710	12,670	40	12,783	12,670	13,962
Information Technology	30,694	30,489	205	31,309	30,489	36,164
Motor Vehicles	711	714	(4)	754	714	1,751
Provision Depreciation - Buildings & Plant	(10,232)	(9,642)	(590)	(10,308)	(9,642)	(17,311)
Provision Depreciation - Clinical Equipment	(76,369)	(75,683)	(686)	(82,742)	(75,683)	(90,360)
Provision Depreciation - Other Equipment	(10,776)	(10,718)	(58)	(10,778)	(10,718)	(11,433)
Provision Depreciation - Information Technology	(21,753)	(21,481)	(272)	(22,416)	(21,481)	(25,819)
Provision Depreciation - Motor Vehicles	(268)	(268)	-	(271)	(268)	(398)
WIP	8,302	8,304	(1)	1,607	8,304	17,506
Investment in Subsidiaries	-	-	-	-	-	-
Investment in Associates	238	238	-	238	238	238
Long Term Investments	-	-	-	-	-	-
Non Current Assets Total	**264,774**	**263,690**	**1,085**	**267,146**	**263,690**	**291,680**
Current Liabilities						
Accounts Payable Control	(5,074)	(2,849)	(2,225)	(3,348)	(2,849)	(4,822)
Accrued Creditors	(31,173)	(31,732)	559	(36,659)	(31,732)	(36,598)
Income Received in Advance	(2,124)	(923)	(1,201)	(2,419)	(923)	(2,419)
Capital Charge Payable	(1,452)	(734)	(718)	(747)	(734)	(598)
GST & Tax Provisions	(6,363)	(6,098)	(265)	(4,574)	(6,098)	(2,791)
Term Loans - Finance Leases (current portion)	(2,125)	(2,599)	474	(2,125)	(2,599)	(2,125)
Term Loans - Private (current portion)	-	-	-	-	-	-
Term Loans - Crown (current portion)	(5,249)	(5,249)	-	(5,149)	(5,249)	(4,229)
Payroll Accrual & Clearing Accounts	(11,729)	(12,222)	494	(16,224)	(12,222)	(10,818)
Employee Entitlement Provisions	(41,596)	(41,247)	(349)	(38,621)	(41,247)	(38,621)
Current Liabilities Total	**(106,884)**	**(103,653)**	**(3,232)**	**(109,866)**	**(103,653)**	**(103,021)**
WORKING CAPITAL	**(35,512)**	**(35,554)**	**43**	**(39,734)**	**(35,554)**	**(56,980)**
NET FUNDS EMPLOYED	**229,263**	**228,136**	**1,127**	**227,412**	**228,136**	**234,700**
Non Current Liabilities						
Long Service Leave - Non Current Portion	(3,069)	(3,069)	-	(3,348)	(3,069)	(3,348)
Retirement Gratuities - Non Current Portion	(10,520)	(10,520)	-	(10,088)	(10,520)	(10,088)
Other Employee Entitlement Provisions	(1,109)	(1,109)	-	(1,109)	(1,109)	(1,109)
Term Loans - Finance Leases (non current portio	(2,555)	(2,592)	37	(2,317)	(2,592)	(61)
Term Loans - Private (non current portion)	-	-	-	-	-	-
Term Loans - Crown (non current portion)	(91,302)	(91,274)	(28)	(90,891)	(91,274)	(90,891)
Custodial Funds	(3,821)	(3,830)	10	(3,857)	(3,830)	(3,857)
Non Current Liabilities Total	**(112,376)**	**(112,395)**	**19**	**(111,610)**	**(112,395)**	**(109,355)**
Crown Equity						
Crown Equity	(133,759)	(123,730)	-	(133,103)	(133,759)	(133,103)
Crown Equity Injection	-	(10,736)	-	(1,200)	-	(21,071)
Crown Equity Repayments	-	707	-	-	-	-
Trust and Special Funds (no restricted use)	(1,451)	(1,443)	(8)	(1,442)	(1,443)	(1,442)
Revaluation Reserve	(85,362)	(85,362)	-	(86,314)	(85,362)	(86,314)
Revaluation Reserve - Trust Assets	-	-	-	-	-	-
Retained Earnings - DHB Governance & Funding	3,257	2,023	1,233	2,082	3,358	2,082
Retained Earnings - DHB Provider	88,426	80,577	7,849	79,452	89,965	79,968
Retained Earnings - Funds	12,003	22,223	(10,220)	24,723	11,500	34,536
Crown Equity Total	**(116,887)**	**(115,741)**	**(1,146)**	**(115,802)**	**(115,741)**	**(125,345)**
NET FUNDS EMPLOYED	**(229,263)**	**(228,136)**	**(1,127)**	**(227,412)**	**(228,136)**	**(234,700)**
Zero Check	-	-	-	-	-	-

Part 4.3: Statement of Movement in Equity

	Current Month Actual $ (000)	Previous Month Actual $(000)	Movement $(000)	Current Budget $(000)	Current Year Opening Balance Sheet $(000)	Annual Budget $(000)
Total equity at beginning of the period	(115,741)	(106,666)		(114,764)	(115,741)	(114,764)
Net Results for Period	(1,138)	954		162	-	10,490
Revaluation of Fixed Assets	-	-		-	-	-
Equity Injections / Repayments	-	(10,029)		(1,200)	-	(21,071)
Other	-	-		-	-	-
Movement in Trust and Special Funds	(8)	-		-	-	-
Total Equity at end of the period	**(116,887)**	**(115,741)**		**(115,802)**	**(115,741)**	**(125,345)**

Board Cash Flow - Southern

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Part 4: DHB Consolidated	Current Month			Year to Date			Annual
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
	$(000)	$(000)	$(000)	$(000)	$(000)	$(000)	$(000)
Part 4.4 Statement of Cashflows							
Operating Revenue							
Government and Crown Agency Revenue	66,523	67,714	(1,191) U	66,523	67,714	(1,191) U	813,386
Other Revenue Received	1,034	1,008	26 F	1,034	1,008	26 F	12,453
Total Receipts	**67,557**	**68,722**	**(1,165) U**	**67,557**	**68,722**	**(1,165) U**	**825,840**
Payments for Personnel	(24,489)	(23,152)	(1,337) U	(24,489)	(23,152)	(1,337) U	(311,477)
Payments for Supplies	(10,011)	(10,825)	814 F	(10,011)	(10,825)	814 F	(132,975)
Interest Paid	(249)	(277)	28 F	(249)	(277)	28 F	(4,741)
Capital Charge Paid	-	(715)	715 F	-	(715)	715 F	(8,908)
GST (Net) & Tax	266	(242)	508 F	266	(242)	508 F	(512)
Payment to own DHB Provider (Eliminated)	-	-		-	-		-
Payment to own DHB Governance & Funding Admin	-	-		-	-		-
Payments to other DHBs	(2,956)	(2,955)	(1) U	(2,956)	(2,955)	(1) U	(35,463)
Payments to Providers	(26,437)	(27,221)	784 F	(26,437)	(27,221)	784 F	(328,218)
Total Payments	**(63,878)**	**(65,387)**	**1,509 F**	**(63,878)**	**(65,387)**	**1,509 F**	**(822,294)**
Net Cashflow from Operating	**3,679**	**3,335**	**344 F**	**3,679**	**3,335**	**344 F**	**3,546**
Investing Activities							
Interest Receipts 3rd Party	202	186	16 F	202	186	16 F	2,231
Sale of Fixed Assets	1	-	1 F	1	-	1 F	-
Capital Expenditure							
Land, Buildings & Plant	(599)	(1,335)	736 F	(599)	(1,335)	736 F	(23,672)
Clinical Equipment	(1,856)	(1,349)	(507) U	(1,856)	(1,349)	(507) U	(15,322)
Other Equipment	(41)	(107)	66 F	(41)	(107)	66 F	(1,287)
Information Technology	(244)	(707)	463 F	(244)	(707)	463 F	(4,713)
Motor Vehicles	-	(5)	5 F	-	(5)	5 F	(1,002)
Work in Progress (Check)	1	-	1 F	1	-	1 F	-
Total Capital Expenditure	**(2,739)**	**(3,503)**	**764 F**	**(2,739)**	**(3,503)**	**764 F**	**(45,995)**
Increase in Investments and Restricted & Trust Funds Assets	(10)	-	(10) U	(10)	-	(10) U	-
Net Cashflow from Investing	**(2,546)**	**(3,317)**	**771 F**	**(2,546)**	**(3,317)**	**771 F**	**(43,764)**
Financing Activities							
Equity Injections	-	1,200		-	1,200		21,071
New Debt							
Private Sector	-	-		-	-		-
CHFA	-	-		-	-		-
Repaid Debt							
Private Sector	(524)	(293)	(231) U	(524)	(293)	(231) U	(3,400)
CHFA	-	-		-	-		(920)
Other Non-Current Liability Movement							
Other Equity Movement	8	-	8 F	8	-	8 F	-
Net Cashflow from Financing	**(516)**	**907**	**(1,423) U**	**(516)**	**907**	**(1,423) U**	**16,751**
Net Cashflow	**618**	**925**	(307) U	**618**	**925**	(307) U	**(23,467)**
Plus Cash (Opening)	37,293	35,063	2,230 F	37,293	35,063	2,230 F	35,063
Cash (Closing)	**37,910**	**35,988**	**1,922 F**	**37,910**	**35,988**	**1,922 F**	**11,596**
Carry Forward Check							
Closing Cash made up of:							
Petty Cash	14	13	1 F	14	13	1 F	13
Bank (Overdraft)	106	575	(469) U	106	575	(469) U	583
Short Term Investments	37,791	35,400	2,391 F	37,791	35,400	2,391 F	11,000
Total Cashflow Cash (Closing)	**37,910**	**35,988**	**1,922 F**	**37,910**	**35,988**	**1,922 F**	**11,596**

Southern District Health Board

Audit and Risk Committee Meeting
5 August 2011

RECOMMENDATION:

Policy Updates

The Audit and Risk Committee recommends that the Board approve the attached financial policies:

a) Procurement and Purchasing Policy
b) Tendering Policy
c) Fraud Policy

Note: The attached policies have been updated with the changes requested by the Audit and Risk Committee on 5 August 2011.

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Procurement and Purchasing Policy

Policy Purpose

This ~~regional~~ policy covers procurement and purchasing processes for goods and services and health service contracting within the DHB.

It is essential that parties responding to invitations to provide goods and services, interested groups, and the public at large, are able to have confidence that the DHBs normal procurement, purchasing, tendering and selection processes have been impartial and fair, with no party being given advantage over another or discriminated against.

The purpose of this policy is to assist all ~~Otago and Southland~~Southern District Health Board (~~OSDHB~~Southern DHB) employees, contractors and Board members involved in the procurement process for goods and services to:

- perform their duties in a way which is ethical, fair, unbiased and not affected by any self interest or personal gain
- ensure that all purchasing is controlled, evaluated, coordinated and those resources are used in an effective and efficient manner
- identify the situations where tendering should occur and the processes to be followed.

Policy Applies To

All employees and Board members of ~~Otago and Southland~~Southern District Health Board~~s~~, including temporary employees and contractors to the DHB~~s~~, must comply with this policy.

It also applies to any person who is involved in the operation of the Southern ~~Otago and Southland~~ DHB~~s~~, including joint appointments, volunteers and those people with honorary or unpaid staff status.

Associated Documents

Delegation of Authority Policy (21584)

Tendering Policy (25011)

Capital Expenditure Policy (14479)

Contracts Approval Policy (45386)

Code of Conduct and Integrity Policy (18679)

Conflict of Interests Policy (27894)

Sensitive Expenditure Policy (48567)

Clinical Product and Device Management Policy (16111)

Associated Guidelines

Procurement Guidance for Public Entities.
Office of the Auditor General, June 2008
http://www.oag.govt.nz/2008/procurement-guide/

Ministry for Economic Development, July 2002

http://www.med.govt.nz/templates/MultipageDocumentTOC____8903.aspx

Mandatory Rules for Procurement by Departments.

Ministry for Economic Development, May 2006

http://www.med.govt.nz/upload/35084/rules.pdf

Managing Conflicts Of Interest: Guidance for Public Sector Entities.

Office of the Auditor General Guideline 2007

http://www.oag.govt.nz/2007/conflicts-public-entities/appendix1.htm

Definitions

~~The DHBs or DHB refers to either of the Otago or Southland~~Southern ~~District Health Board or both depending on context.~~

Procurement is the acquisition of goods and/or services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place generally via a contract between the buyer and seller.

Purchasing is the placing of the order and receiving of the goods

Simple procurement may involve nothing more than repeat purchasing. **Complex procurement** could involve finding long term partners and undertaking tendering processes.

Contestable Process means a market based process where two or more suppliers are able to competitively bid for goods or services. In some cases a single supplier may be involved if they have been established as a preferred supplier from a previous contestable process.

Internet Procurement (IP) is a module of the Oracle Financials system (Oracle) to enable online ordering of goods and services.

Catalogue items are those items entered into Oracle electronically and made available by internet Procurement. Catalogue items are pre-approved for use.

It is expected that all items on the catalogue that have an annual spend of over $100,000 will have been subject to a full tendering process and be under contract.

It is expected that all items on the catalogue with an annual spend between $10,000 and $100,000 will have been subject to a contestable process ~~involving Request for Quotation.~~

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Non-catalogue items are those items ordered through Internet Procurement and are generally items that are not frequently used.

These items are sometimes used as alternatives to catalogue items when these are not available. Additional approvals are needed to source non-catalogue items.

Electronic Approval Hierarchy is an automatic workflow that is initiated with the ordering of the item on Internet Procurement and used for invoice approvals. Approval limits are set as per the Delegation of Authority Policy.

Capital Asset items are those that have an expected life of greater than one year and a cost of more than $500 for one item or for the group of items purchased at the same time.

Capital Assets have a slightly different approval process (refer to the Capital Expenditure Policy), however the processes described in this policy and the Tendering policy apply to capital items.

A **conflict of interest** refers to a situation in which private interests or personal considerations may affect an employee's judgement and/or ability to act in the best interest of the DHB as is required. Refer to the Conflict of Interest Policy.

It includes using an employee's position, confidential information or employers time, material or facilities for private gain or advancement either directly or indirectly or the expectation of private gain or advancement. It is also where an employee's position with the organisation may be compromised due to their relationship/or position within an external agency or organisation, particular if the needs of both organisations are conflicting.

A conflict may also occur when an interest benefits any member of the employee's family, friends or business associates either directly or indirectly.

Probity is defined as uprightness, honesty, proper and ethical conduct.

NGO = Non Government Organisation. An organisation that is independent or outside of the government (either central or local). In relation to this policy it is organisations that deliver health services but are not government owned.

Expectations

Support Service Based Function

The ~~Regional~~ Procurement and Purchasing departments are ~~a~~ service based departments to support service delivery by providing guidance and assistance with procurement & purchasing functions.

The departments ~~is~~are also responsible for recommending and developing the procurement / purchasing strategy for the DHB.

Key Principles

The overriding consideration when procuring products and services will be to ensure value for money and quality of service. This will be assured by clear and fair processes and procedures based around the following key principles:

- Acting at all times in the best interest of the DHB subject to due consideration of national procurement initiatives in the best national interest.
- Compliance with the policy and key principles by all

employees, contractors, NGO's and suppliers.

- Obtaining the best Quality, Service, Technology and Price for goods and services procured based on Total Cost of Ownership (TCO) which includes monetary cost components (e.g. price, inventory cost, distribution, operating cost including support and maintenance) and non-monetary cost components (e.g. IT system integration).
- For Health Services contracting ensuring equity of access, value for money, service coverage and national service framework requirements are met.
- Acting fairly and transparently.
- Communicating in an open and timely manner.
- Standardisation where appropriate to ensure safety and achieve cost benefit.
- Appropriately meeting the clinical and work needs of those who use the goods and services.
- Compliance with relevant statutory and other legal requirements during the procurement process.

Business Ethics and Conduct

~~Otago and Southland~~Southern District Health Board~~s~~ ~~are~~ is committed to the highest level of integrity and ethical standards in everything that we do. As employers and employees we must be fair, impartial, responsible and trustworthy at all times. We must always conduct ourselves in a manner consistent with current ethical, professional, community and organisational standards and in compliance with all legislation.

Any purchaser on behalf of the DHB is accountable for they use of Public Monies. All purchasers therefore should reflect if their purchase will be value for money and will be used for the purposes it was provided.

Conflict of Interest

Avoid conflicts of interest

Any staff involved in purchasing on behalf of the DHB must disclose in writing any actual or apparent conflicts of interest which may impact on your work performance or may influence your decisions around preferred suppliers. (for more information refer to the Delegation of Authority Policy and Conflict of Interest Policy).

Do not use your role or position to gain an advantage in your private life, for example by arranging jobs/transfers/benefits for family or friends.

Gifts

Rules for gifts, benefits or rewards

Never ask others for any reward other than what ~~Otago or Southland~~Southern DHB pays you or any other entitlements you receive as an employee.

Gifts of money are not to be accepted by individuals under any circumstances. This is expressly prohibited under the Delegation of Authority Policy. Entities may gift funds to the DHB by way of donations and this is described in the Donations and Trust Funds policy.

No gift, regardless of monetary value, should be accepted if it could potentially cause or be perceived by others as causing you to feel an obligation to the gift giver. This is particularly relevant if you are in current tendering / purchasing process or

responsible for monitoring the contract involving the parties that are offering the gift. Whilst being involved in any tender process, accepting a gift of any value is not allowed.

Any gifts or benefits received with a value over $200 must be reported to your manager, who will inform the CEO. Schedule 1.08 of the delegation of authority policy refers. Actions the CEO could take but is not limited to, include:

- Gift declined if a conflict of interest exists
- Allowed to be accepted by the individual
- Donated towards an organisational purpose or another worthwhile cause

An electronic register is available via the Intranet for the recording of all gifts regardless of value.

Legal Considerations

DHBs can be subject to judicial review proceedings, Ombudsman investigations and other types of review or legal action. It is important that procurement practices comply with relevant statutory and legal requirements at all times. Failure to adhere to appropriate requirements can have serious financial and reputation consequences for the DHB.

DHBs can only act in accordance with their statutory powers under the New Zealand Public Health Disability Act and other enabling legislation. To this end, DHB representatives can only exercise financial delegations and other functions in accordance with the statutory powers and for the purpose of achieving the respective DHB's goals and policy.

Contractual Term

Each procurement process and resulting contract can vary in its terms depending on the nature of the item, the competitive environment and complexity of the procurement plan.

The DHB will generally look to contract for periods of 2-3 years. However, Procurement can advise on the appropriate strategy to ensure ~~most~~best value for money. Contracts may be for longer periods to encourage strong supplier relationships and where the cost of change is high or significant investment or innovation is expected from the supplier or NGO.

Any contractual term above 3 years requires specific Board approval regardless of the value of the contract. This will exclude all ~~AOG~~national Contracts as per the Delegation of Authority, ~~released per on 15/7/2011.~~

Purchasers should take care when dealing with NGO's and whether they have the legal capacity to contract. This should not exclude them from activities but may require further information in understanding the DHB liability. The legal form of the NGO may be relevant, e.g. Trusts.

A Rollover of a contract is when a contract has expired and the practice in the DHB has continued as if it is still in force, or an expired contract is copied and re-signed without an appropriate process. Rollover of contracts is not allowed. If required, a new contract based on an expiring contract, can be renegotiated with new contract expiry dates.

This is different to a contract that has allowed for a further term based on variables like performance. For example a contract that has a 2 year plus extension of 2 years if the expected performance has been achieved. For purpose of delegation, this is

a 4 year contract term. This is often described as ' a right of renewal clause'

~~Rollover of contracts is not allowed. If required, a new contract based on an expiring contract, can be renegotiated with new contract expiry dates.~~

Fraud or Misconduct

Any suspected fraud or misconduct in relation to procurement processes should be fully investigated and dealt with in accordance with the DHB's Fraud Policy and/or Code of Conduct Policy.

Non-compliance with requirements

Failure to follow relevant policies and requirements for procurement practice may constitute a breach of the DHB's Code of Conduct and/or Discipline policy.

All employees under the Delegation of Authority Policy have a responsibility to use that authority in alignment with this policy.

Departments must not prepare, design or otherwise structure or divide any stage of the process so as to avoid application of policy requirements.

Use of a third party as an agent or consultant to advise on, arrange or manage a procurement process does not remove from individuals or departments the requirement to comply with these policy requirements, where applicable.

Complaints

Any serious or unresolved complaints about procurement practices should be referred to the ~~Regional~~ ~~Chief Financial Officer.~~~~General Manager Finance and Funding~~Chief Operating Officer or for Health Services contracting to the General Manager of Planning & Funding.

Training and Competencies

Staff involved in procurement activities should have the necessary competencies and receive appropriate training.

Market Considerations

When undertaking procurement activities regard must be given to the impact any decisions may have on the marketplace. Consideration should be given to potential issues of market competition (e.g. Commerce Act 1986 requirements) as well as the need to ensure supplier / NGO sustainability and longer term choice of options within the market.

Supplier Relationships

For key suppliers structured business reviews will be facilitated by the procurement department with participation of DHB business owners at an appropriate frequency. Ongoing contract

management is an important part of the contract lifecycle and is essential in ensuring ongoing quality of services and productive working relationships.

For NGO health services contracts, the business relationship is maintained by the Planning & Funding department.

Non-Discrimination

All suppliers must be given equal opportunity and equitable treatment on the basis of their financial, technical or commercial capability.

Environmental responsibility

For all purchases the environmental impact must be considered. This includes cost and toxicity of disposal, increase to waste product and impact of products in the environment. The DHB will seek to minimise its "carbon footprint" where practical and possible.

Whole of Life

Any purchase that is made will have ongoing impacts and cost to the organisation. A key principle of this policy is the total cost of ownership; supporting this is the principle of whole of life. This means ongoing operational costs associated with the contract and the requirement for ongoing monitoring and review of performance against contracts.

Regional and Syndicated Procurement

~~The Otago and Southland~~Southern DHB~~'s~~ ~~are~~ is committed to working collaboratively ~~and have established a Regional Products Committee to provide governance and decisions on all items purchased by the DHBs with the objective of creating a single catalogue of items across the DHBs.~~throughout the DHB and with other DHB's to improve purchasing outcomes.

Wherever practicable the regional implications should be considered and factored into the procurement approach for each project. Examples of working collaboratively include:

- aggregating volumes/requirements,
- aligning to common standards,
- aligning with common suppliers and supplies
- negotiation of regional/ national contracts
- ~~establishment of a regional procurement team~~

~~Similar principles apply in respect of national procurement and other types of syndicated procurement.~~ All regional and syndicated procurement activities must comply with usual DHB specific and regional/national approval processes.

~~The DHBs have also established a regional Planning & Funding team and take a collaboration approach with respect to NGO's and Health Services Contracting where applicable.~~

Other agencies

The DHB will work with the Ministry of Health, ~~DHBNZ~~ Health Benefits Ltd and other government agencies, such as PHARMAC and Ministry of Economic Development (All-of-Government contracts) to deliver value for money to the DHBs.

~~The DHB supports national procurement activity and has signed a National Procurement Charter to this effect.~~

Record Keeping

Full and accurate records should be kept of all aspects of the procurement process, in accordance with the relevant legislation and DHB policy.

Confidentiality of Information

Maintain confidentiality of information

Treat all information about a person who is receiving or has received a public health service with the strictest confidence as required by the Privacy Act 1993 (as amended) and Public Records Act 2005 (as amended). These confidentiality requirements continue to apply to former employees

Only release information about contracts when it is written in the contract or expressly consented in writing by the supplier to do so.

Procurement Processes

Departments may order items from the catalogue for values in line with delegation limits.

The processes for procurement described below refer to the activity ~~the regional~~ procurement undertakes in getting items onto the catalogue.

Non-catalogue (including Capital Asset Items), services requests (excluding locums) and Health Services contracting will need to follow the processes for tendering described below.

When to tender

A contestable process is required for all goods and services where total external annual costs exceed $10,000 (excluding GST).

For NGO Health Services contracting a contestable process is required for annual contractual values over $3~~1~~00,000 or $100,000 where new funding is allocated.

The limits below refer to annual expenditure excluding GST.

Where expenditure ~~(per DHB)~~ is greater than $100,000 ($300,000 for health services contracting or $100,000 with new funding), a full sourcing process is required, including publication of the details on the Government Electronic Tenders web site (www.gets.govt.nz).

The process will be supported by the ~~Regional~~ Procurement Team, please refer the request to them.

Reference should be made to the Tendering Policy and if the items are Capital Assets, reference should be made to the Capital Expenditure Policy for the required approvals to initiate further procurement action.

Where goods related expenditure (per DHB) is $10,000 - $100,000 ~~a request for quotation (RFQ)~~ a contestable process is required, generally involving~~from~~ three suppliers. Refer to the Tender policy for guidance.

The process will be supported by the ~~Regional~~ Procurement Team, please refer the request to them using the form (appendix two) provided in the Tendering Policy. Where the proposed expenditure relates to capital assets please use the online capital request system

Reference should be made to the Tendering Policy and if the items are Capital Assets, reference should be made to the Capital Expenditure Policy for the required approvals to initiate further procurement action.

Where expenditure (per DHB) is less than $10,000

individuals and departments may raise purchase orders in line with delegation limits.

This does not apply to Capital Asset orders; Capital Asset items must still follow the capital ordering process specified in the Capital Purchasing Policy.

The purchasing, information systems and building & property teams are the only ones authorised to generate orders for capital items using Internet Procurement.

Purchasing Administration

Purchasing

Purchasing items

- All goods purchased for the DHB must have an associated purchase order as per Delegation of Authority Policy. There will be an increasing requirement for use of purchase orders for services. In some cases where services are arranged there will be a requirement for a retrospective purchase order to be placed, an example of this is where legal advice is obtained via a phone call.
- Goods or Services for personal use must not be procured through the DHB.
- All goods purchased must be ordered from the internally approved catalogue wherever possible using Internet Procurement. If an item is required that is not on the catalogue it will be assessed by the purchasing team under the following criteria
    - Is there an alternative available on the catalogue?
    - Is there approval from the manager with delegated authority?
    - Has the product been approved by the ~~Regional~~ Product Committee?

Purchasing of goods is achieved through Internet Procurement available on the Intranet.

Access will be approved by the Budget Holder of the relevant area. Access will then be given by the Information Systems Department. The Purchasing Team Leader is responsible for training of staff in Internet Procurement.

Purchasing Approval

Catalogue items

This is though Internet Procurement with an electronic workflow as per the Delegation of Authority policy.

Non-Catalogue Items

Initiated with a non catalogue order entered into Internet Procurement. The relevant delegation of authority is assigned.

The order then progresses electronically to the purchasing team for final check. All non-catalogue items will be assessed to ensure that there isn't a relevant or acceptable alternative available on the catalogue.

Final decision on a non-catalogue consumable order may be made by the Service or General Manager~~/ Group manager or Patient Services Manager.~~

Capital Asset Items

Initiated with a non-catalogue order entered into Internet Procurement by the purchasing team. Information systems and Building and property may raise their own requisition, but the appropriate documentation must be attached for final approval by the purchasing team

Departments are not to order Capital Asset items; these purchase orders are generated ~~using Internet Procurement~~ by the purchasing teams.

Capital Asset items are approved using the workflow and approvals as per the Capital Expenditure Policy.

Receiving Goods

As per the Delegation of Authority Policy at least two people must be involved in any transaction. The same person must not perform more than one of these~~all of the following~~ functions:

- Raise a purchase order
- Receive the goods
- Authorise the goods for payment

The current ordering system is automated to the extent that the invoice is automatically paid where the goods receipt record matches the purchase order.

For purchasing the intention to this clause is that the same person doesn't have the ability to order an item and confirm receipt without independent verification. The same person should not approve the purchase order and also confirm receipt of the item/s. There will be some practical exceptions to this, predominately where services are ordered.

Items from Propharma are receipted in without checking all items. One random day is selected each week to check two delivery rolltainers against the delivery docket by the purchasing team leader.

Deliveries from OfficeMax can be receipted in without checking but two deliveries per week must be audited by the purchasing team leader.

New Suppliers

Procurement

All new suppliers are to be approved by the procurement manager following an internal validation process.

This excludes any suppliers that are performing employee duties, i.e.: Locum medical and allied staffs, which is approved through Human Resources or Medical Officers Unit.

An intranet form is available for application for addition of a new supplier into Oracle.

Generally it will be the procurement team that will select suppliers based on tendering processes. Departments will very rarely need to initiate a request for a new supplier.

The use of the "one-time" vendor account is discouraged and monitoring of vendor spend forms part of an annual review process by the finance department.

New Items on Catalogue

Internally approved Catalogue

Goods that must be on the internally approved catalogue (excludes Capital Asset Items)

- Goods that will be used on more than a 'one off' basis must be entered on the catalogue
- Entering new items onto the catalogue will be the responsibility of the procurement team
- Approval for an items to be on the catalogue will be given by:
    - All Clinical Products must be approved by the Clinical product coordinators before being entered onto the catalogue.
    - All Non Clinical items must be approved by the Procurement Manager before being entered onto the catalogue

~~There is an intent to have a single catalogue available to Otago DHB and Southland DHB. All items on the catalogue will be made available across both DHB's except in exceptional circumstances.~~

Process for new item inclusion on catalogue

Department / Purchasing Team	1	Items identified as needing added to catalogue. Attached forms are filled out. Refer to Appendix one for approval and appendix two to define the item.
Product Coordinator/ Committee	2	Does this item need to follow a product evaluation process? Product Co-ordinator signs the form after the evaluation process is complete, if appropriate.
Procurement Officer	3	Procurement officer ensures all appropriate authorisations have been completed.
Procurement Manager	4	Item has been analysed by correct people and is appropriate for the catalogue. The Procurement Manager is then responsible for negotiating and contracting the item with the supplier.
	5	Procedure followed under Contract Approval Policy.

Emergency Procurement

What is an emergency?

For clinical or safety reasons where life, property or equipment is immediately at risk or where standards of public health, welfare or safety have to re-established without delay in the case of a disaster, normal procurement practices may have to be varied.

Poor planning or a lack of timeliness in planning is not in itself a sufficient reason for varying standard procurement practices.

What procedure to use

Inside normal "business" hours contact the Purchasing Team Leaders who can assist expedite orders.

Outside of normal business hours, contact the duty manager to get goods/services authorised for purchase.

Details of any such orders must be forwarded onto the purchasing teams as soon as the emergency is under control.

Southern DHB - Product Advice			
New Product		Copy to Requestee	
Discontinue Product		Time/Date	
Replace Product		Copy to Propharma	
Change of Product Description		Time/Date	
Change of Price / Unit of Measure		Copy to Users	
Other		Date	

Description of Change				
Oracle Full Product Description				
Oracle Product Codes	Oracle Code		UNSPSC Code	
General Ledger Codes	Category Code		GL Code	
Propharma Product Codes	Material No:		Propharmacode No:	
Preferred Supplier Name				
Preferred Supplier Address				
Supplier Category No				

Purchase Packing Unit (each, box)		No. of Units in Package	
Purchase Unit Price (exclude GST)		Minimum Purchase Quantity	
Stock Issue Unit (each, box)		Price per Stock Issue Unit	
Anticipated Usage (per month)		in multiples of stock issue unit (each, box)	
Minimum Stock Holding (E line only)		in multiples of stock issue unit (each, box)	
MRP Class (A, B, C, D, E, F)		Change To	

Does this product replace an existing product? (if yes, indicate intentions for old product)
Please list any alternative product and their suppliers:
General Comments: (if more space required use back of this form)

SOUTHERN DHB	NAME	SIGNATURE	DATE
Requested By			
Product Co-ordinator			
Database Maintenance			

PROPHARMA	NAME	SIGNATURE	DATE
Requested By			
Database Maintenance			
Approved			

Appendix 1

Southern DHB - Product Advice					
New Product			Copy to Requestee		
Discontinue Product			Time/Date		
Replace Product			Copy to Propharma		
Change of Product Description			Time/Date		
Change of Price / Unit of Measure			Copy to Users		
Other			Date		
Description of Change					
Oracle Full Product Description					
Oracle Product Codes	Oracle Code		UNSPSC Code		
General Ledger Codes	Category Code		GL Code		
Propharma Product Codes	Material No:		Propharmacode No:		
Preferred Supplier Name					
Preferred Supplier Address					
Supplier Category No					
Purchase Packing Unit (each, box)		No. of Units in Package			
Purchase Unit Price (exclude GST)		Minimum Purchase Quantity			
Stock Issue Unit (each, box)		Price per Stock Issue Unit			
Anticipated Usage (per month)		in multiples of stock issue unit (each, box)			
Minimum Stock Holding (E line only)		in multiples of stock issue unit (each, box)			
MRP Class (A, B, C, D, E, F)		Change To			
Does this product replace an existing product? (if yes, indicate intentions for old product)					
Please list any alternative product and their suppliers:					
General Comments: (if more space required use back of this form)					

SOUTHERN DHB	NAME	SIGNATURE	DATE
Requested By			
Product Co-ordinator			
Database Maintenance			
PROPHARMA	NAME	SIGNATURE	DATE
Requested By			
Database Maintenance			
Approved			

Tendering Policy

Policy Purpose

This ~~regional~~ policy covers t~~T~~endering processes for goods and services and health service contracting within the DHB.

It is essential that parties responding to invitations to provide goods and services, interested groups, and the public at large, are able to have confidence that the DHB's normal procurement, purchasing, tendering and selection processes have been impartial and fair, with no party being given advantage over another or discriminated against.

The purpose of this policy is to assist all ~~Otago and Southland District Health Board~~Southern District Health Board (~~OSDHB~~Southern DHB) employees, contractors and Board members involved in the tendering process for goods and services to:

- perform their duties in a way which is ethical, fair, unbiased and not affected by any self interest or personal gain
- ensure that all tendering is controlled, evaluated, and coordinated in a transparent, effective and efficient manner.

Policy Applies To

All employees and Board members of ~~Otago and Southland District Health Board~~Southern District Healths, including temporary employees and contractors to the DHB~~s~~, must comply with this policy.

It also applies to any person who is involved in the operation of the ~~Otago and Southland~~Southern DHB~~s~~, including joint appointments, volunteers and those people with honorary or unpaid staff status.

Associated Documents

Procurement and Purchasing Policy (11400)

Delegation of Authority Policy (21584)

Tendering Policy (25011)

Capital Expenditure Policy (14479)

Contracts Approval Policy (45386)

Code of Conduct and Integrity Policy (18679)

Conflict of Interests Policy (27894)

Sensitive Expenditure Policy (48567)

Clinical Product and Device Management Policy (16111)

Associated Guidelines

Procurement Guidance for Public Entities.

Office of the Auditor General, June 2008

http://www.oag.govt.nz/2008/procurement-guide/

Government Procurement in New Zealand. Policy Guide for Purchasers.

Ministry for Economic Development, July 2002

http://www.med.govt.nz/templates/MultipageDocumentTOC____8903.aspx

Mandatory Rules for Procurement by Departments.

Ministry for Economic Development, May 2006

http://www.med.govt.nz/upload/35084/rules.pdf

Managing Conflicts Of Interest: Guidance for Public Sector Entities.

Office of the Auditor General Guideline 2007

http://www.oag.govt.nz/2007/conflicts-public-entities/appendix1.htm

Definitions

~~The DHBs or DHB refers to either of the Otago or Southland~~ Southern ~~District Health Board~~. ~~or both depending on context.~~

A **conflict of interest** refers to a situation in which private interests or personal considerations may affect an employee's judgement and/or ability to act in the best interest of the DHB.

It includes using an employee's position, confidential information or employer's time, material or facilities for private gain or advancement or the expectation of private gain or advancement either directly or indirectly. It is also where an employee's position with the organization may be compromised due to their relationship/or position within an external agency or organization, particularly if the needs of both organisations are conflicting.

A conflict may also occur when an interest benefits any member of the employee's family, friends or business associates.

Probity is defined as uprightness, honesty, proper and ethical conduct.

Contestable Process means a market based process where two or more suppliers are able to competitively bid for goods or services. In some cases a single supplier may be involved if they have been established as a preferred supplier from a previous contestable process

EOI/ ROI = Expression of interest/ Registration of Interest. Parties are invited to register their interest in being involved in a further tender process. May be used to shortlist for a closed tender.

RFI = Request for information. A formal request for infomartion to gain a more detailed understanding of the supplier market and the range of solutions and technologies that may be available. A RFI can be used in preparation of a formal business case.~~request for information about their company or product/ service. Often used to shortlist parties in a further tender process.~~

RFT = Request for Tender. Invitation to parties to offer a service or product. It is generally more specific and highly prescribed. The parties should be able to tender specifically for the items or service provided.

RFP = Request for Proposal. Invitation to a party to offer a service or product where the specifications are less distinct that a tender requirement. This is used for offers when the desired product or service is not so clearly defined and the proposal is to explore, test the market or request a solution to a problem from the market.

RFQ = Request for Quotation. A non binding invitation to parties to quote a service or product. It is generally more specific and highly prescribed. The parties should be able to quote specifically for the items or service requested.

RFx = A generic term for RFI, RFP, RFQ, RFT.

GETS = Government Electronic Tenders Service website where all government RFX documents and invitations are placed. www.gets.govt.nz

NGO = Non Government Organisation. An organisation that is independent or outside of the government (either central or local). In relation to this policy it is organisations that deliver health services but are not government owned.

All values quoted in this policy are GST exclusive.

Expectations

Fiscal Responsibility

The DHB is committed to ensuring that contracts entered into under its name represent value for money, present an assessed risk to the organisation, and are stored in a safe environment.

The DHB is also committed to ensuring that it is not exposed financially owing to expired contracts that have not been renegotiated.

Non compliance

Failure to follow relevant policies and requirements for procurement practice may constitute a breach of the DHB's Code of Conduct and/or Discipline and Dismissal policy.

Probity

There are five essential principles to promote probity. DHB staff must comply with these principles throughout all stages of the procurement and contracting process. The five principles are:

- Use of a competitive process
- Transparency of the process
- Identification and resolution of conflicts of interest
- Fairness and impartiality

- Security and confidentiality

The issue of probity in the sourcing and contracting process is the responsibility of all stakeholders involved in the process. The objectives of this process are:

- To ensure conformity to process designed to achieve value for money
- To provide accountability
- To encourage commercial competition on the basis that all proposals will be assessed against the same criteria
- To preserve public and supplier confidence in the process
- To improve defensibility of decisions to potential legal challenge.

A conflict of interest form must be completed for all participants of any RFx. Refer any conflicts or potential conflicts to the Procurement Project Leader during any tendering process.

Conflict of Interest
Refer to the conflict of interest policy for guidance.

In a tender situation, the conflict of interest form must be completed and any conflicts dealt with before the evaluation criteria is discussed and before the opening of any tender documentation from suppliers.

Previous employees can be perceived to have preferential consideration for any selection process if they are a potential supplier.

This includes the ex-employee being the person responding to an invitation to tender or may be an ex-employee who is now the local company representative

- When the ex-employee is the company representative for the DHB then extra care must be taken in the development of the specifications and criteria. It is preferable that there is a member of the evaluation team that did not directly work with the representative.
- If the ex-employee is wishing to contract directly with the DHB, approval must be sought from the ~~Regional~~ Group Manager – Supply Chain with evidence of the evaluation process and the members of the team and the relationship (including working relationship) with the ex-employee. All attempts should be made to have an evaluating panel that did not directly work with the employee to ensure impartiality.

Intellectual property

The provision of information to the Southern DHB, ~~and the use of it by Southern DHB~~ for the evaluation of proposals and for the negotiation of any resulting contract, will not be used by Southern DHB to breach any ~~third party~~ intellectual property rights of those supplying the information.

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Legal Considerations

DHBs can be subject to judicial review proceedings, Ombudsman investigations and other types of review or legal action. It is important that procurement practices comply with relevant statutory and legal requirements at all times. Failure to adhere to appropriate requirements can have serious financial and reputation consequences for the DHB.

DHBs can only act in accordance with their statutory powers

under the New Zealand Public Health Disability Act and other enabling legislation. To this end, DHB representatives can only exercise financial delegations and other functions in accordance with the statutory powers and for the purpose of achieving the respective DHB's goals and policy.

Contractual Term

Each procurement process and resulting contract can vary in its terms depending on the nature of the item, the competitive environment and complexity of the procurement plan.

The DHB will generally contract for periods of 2-3 years, however, Procurement can advise on the appropriate strategy to ensure ~~most~~best value for money~~.~~ Contracts may be for longer periods to encourage strong supplier relationships and where the cost of change is high or significant investment or innovation is expected from the supplier or NGO.

Any contractual term above 3 years (inclusive of any right of renewals) requires specific Board approval regardless of the value of the contract. This will exclude all ~~AOG~~national ~~C~~contracts as per the Delegation of Authority Policy. ~~released on 15/7/2011~~

Purchasers should take care when dealing with NGO's and whether they have the legal capacity to contract. This should not exclude them from activities but may require further information in understanding the DHB liability. The legal form of the NGO may be relevant, e.g. Trusts.

A Rollover of a contract is when a contract has expired and the practice in the DHB has continued as if it is still in force, or an expired contract is copied and re-signed without an appropriate process. Rollover of contracts is not allowed. If required, a new contract based on an expiring contract, can be renegotiated with new contract expiry dates.

This is different to a contract that has allowed for a further term based on variables like performance. For example a contract that has a 2 year plus extension of 2 years if the expected performance has been achieved. For purpose of delegation, this is a 4 year contract term. This is often described as ' a right of renewal clause'

Consultation

DHBs have specific legal responsibilities to undertake consultation in relation to a number of activities, including proposed significant changes to the range and type of services offered, access to those services, policies, outputs and funding.

There are also general obligations under the New Zealand Public Health and Disability Act which may mean that consultation is required in other situations.

DHBs also have consultation requirements with various Union groups where service changes may be planned.

DHBs also have responsibilities under the Employment Relations Act 2000 with respect to vulnerable employees where tenders are necessary for these services.

Prior to undertaking any procurement process careful consideration must be given to the nature and extent of any consultation that may be required.

Expert advice should be sought and any DHB's consultation or community engagement policy must be closely followed. This is particularly relevant to Planning and Funding Activities.

This may include notification to current or potential suppliers in the market.

Due Diligence

From time to time (e.g. with new market entrants) it will be necessary to conduct a formal process by which an assessment is carried out on a project or entity. This usually refers to a commercial appraisal of a variety of circumstances in order to support decision making such as entering into a contract.

Any due diligence process should be agreed with the service concerned and clearly documented to ensure that clinical and service needs and requirements are adequately addressed.

Contestable Process

As outlined in the Procurement and Purchasing Policy, a contestable process is required for all goods and services where total external annual costs exceed $10,000 (excluding GST) and for health services contracting where the annual contract value exceeds $3~~1~~00,000 or $100,000 where new funding is provided.

Departure from Contestable Process

It is our aim to treat all potential suppliers fairly and all reasonable steps will be taken, relevant to circumstances, to ensure that an appropriate provider selection process is utilised, given the information available about the goods and/or services required. However, at times the need to enter into a tender process is not required.

These situations include:

Recent Tender Process: If the equivalent goods or services have gone through a contestable process in the last six months, the same supplier can be selected as was selected in the prior process.

Emergency procurement - For clinical or employee safety reasons, to address other risk issues urgently or if the DHBs are likely to suffer financially because of the emergency situation. Note that poor planning is not in itself a sufficient reason for not conducting a contestable process if it would otherwise be required.

Closed RFP - Selected suppliers are invited to submit proposals for goods or services. Frequently the result of a RFI process. If not preceded by a contestable RFI process then there must be very good reasons for limiting the number of potential respondents to an RFP/Q.

Monopolistic Market - Only one supplier available in the market place and there is adequate evidence to demonstrate that this is the case.

Optimising Aggregation of Volumes - This may be done as part of a procurement process and may also be added to or subtracted from a contract during a term contract, where additional products or services are identified and sit logically with an existing supplier or contract. This also applies to items that are purchased from a preferred supplier not under contract, bundled to become part of an existing contract. In order to maximise the benefits of a contract it may be appropriate to Disaggregate Services (unbundled) and/or Aggregate Volumes (bundle).

Upgrade, replacement parts, or continuing services of Specialised Products

Additional deliveries by the original supplier which are intended either as replacement parts, extensions or continuing services for or upgrades of existing equipment, software, services or installations where a change of supplier would compel the procuring department to procure goods or services not meeting requirements of interchangeability with existing equipment, software, services or installations, or conditions under original supplier warranties Information Systems upgrades being one example.

Relational Purchases

This is likely to only relate to health service contracting via Planning and Funding and to the purchase of 'outputs' rather than the traditional 'input' procurement.

There is an expectation that the DHB will use a collaborative approach that acknowledges the relationship with NGO's. However there is a tension between the ideal of collaborative partnership and the need for accountability of the stewardship of public resources. Even in a collaborative relationship, it is important for the accountability of the public entity for flow through to the NGO, and be reflected in the contractual relationship *OAG guidelines; "types of funding arrangements and relationships with NGO's"*

A relational approach to contracts may mean it is not appropriate to test the market

There may be policy goals that support a relational approach that is to support a Non-Government Organisation or to build strategic relationships or build capacity or capability in some part of the wider health sector.

Examples of this are Social support services where the funding arrangement may need to provide stability for end users over many years e.g.: residential care or a innovative or fledgling service that is aligned to the DHB's strategic goals and may need supported

A request to depart from a contestable process for relational reasons must have addressed these questions

- Will members of the public be harmed or disadvantaged by a change of supplier?
- Would a change of supplier disrupt a larger strategy?
- Is there any reason that another supplier couldn't provide the same services as the current supplier?

- Are there specific reasons that we wish to support a specific supplier to meet the DHB wider strategy?

Strategic Decisions

South~~land and Otago~~ern DHB ha~~ve~~s a strategy of standardisation and alignment. In some instances ~~the option for both DHB's to run a contestable process is not reasonable and the decision of one DHB to align with the decision of another~~the DHB may choose to align a past decision throughout other sites of the DHB, ~~based on a past decision~~. This may be acceptable if it is not practical to seek a new decision through RFx. An example is software purchased and installed ~~for one DHB~~at one DHB site and is purchased and extended to users in ~~the other DHB~~another DHB site. This does not include consumables where there is no commitment at either DHB.

If a contestable procurement process is not undertaken for any reason (e.g. monopolistic market) every endeavour must be undertaken to ensure Open Book Pricing is achieved and there should be evidence that steps have been taken to achieve the best value for money possible in the circumstances (e.g. negotiations over terms and conditions of the contract). The purpose of this is to ensure confidence that value for money is obtained and that the process is as transparent as possible.

Where variation to the standard contestable processes is necessary, specific sign-off must be obtained from the ~~Regional~~ Group Manager – Supply Chain. If the variation is for purchase of health services by Planning and Funding, specific sign-off must be obtained by the ~~Regional~~ ~~Manager of Planning and Funding~~GM Finance & Funding

A register shall be kept by Procurement for this purpose and shall contain the rationale / justification of the decision.

A separate register will be kept by Planning and Funding and shall contain the rationale / justification of the decision. This is captured as part of the contract brief documentation within the contract approval process as detailed in the Planning & Funding Standard Operating Procedures Manaul.

Procurement Methods (Processes)

Refer to **Appendix One** for the workflow required for contestable processes for goods (including capital asset items) and services over $10,000 per annum (Excluding GST).

Request for Information/ Expression of Interest/ Registration of Interest

If it is not clear what products or services are available in the market a Request for Information (RFI), or an Expression of Interest (EOI) can be released prior to conducting a RFP/Q/T. A ~~RFI~~ EOI may not lead to a contractual arrangement, but is potentially the first step in a procurement process that can be followed by an RFP/Q/T to potential suppliers who met the criteria and have been pre-selected from the ~~RFI~~ EOI process. An RFI is more often used to develop understanding into the solution being explored. It can be used as part of a multi stage tender process, but is generally used when understanding of the subject requires more investigation before these decisions are made. It should not be used as a selection process for suppliers

This process will be supported by the ~~regional~~ procurement team, please refer the request to them.

Request for Quotation Required

All purchases of Goods and Services over $10,000 but less than $100,000 are required to have a ~~Request for Quotation~~Contestable Process ~~(RFQ)~~Procurment will be able to advise on the appropriate procurement strategy~~.~~ Three quotations are required where possible.

This process will be supported by the ~~regional~~ procurement team~~,~~. The majority of RFQ's are for capital items, this is to be initiated through the online capital process. If it isn't for a capital item, please contact the procurement department for assistance ~~please refer the request to them using the form attached as **Appendix Two.**~~

Request for Proposal/Tender Required

Where expenditure (per DHB) is greater than $100,000 ($300,000 for health services contracting or $100,000 for new health services funding), a full sourcing process is required, including publication of the details on the Government Electronic Tenders web site (www.gets.govt.nz). All questions and answers given to suppliers must be made public in a timely manner onto the GETS site throughout the time the tender is open

Lack of experience or capability in tendering must be considered in the tender process for NGO's. They must not be disadvantaged by this.

Late Tenders are not accepted unless authorised specifically by the ~~Regional~~ Group Manager – Supply Chain or ~~Regional~~ General Manager – Planning and Funding.

The tendering process will be supported by the ~~Regional~~ Procurement Team, please refer the request to them.

Risk Assessment during Procurement Process

A risk register will be kept with all procurement projects over $100,000.

Generally risk identification of issues requires an assessment of the likelihood and impact of the particular risk along with risk mitigation strategies.

Where suppliers change, particular for services contracts, service continuity risk is a key requirement that requires detailed risk mitigation planning. The operational departments are primarily responsible for ensuring this is managed during the period of change.

Negotiation guidelines

These guidelines are related to formal contractual negotiations for any non employee related contracts All negotiations should involve two members for the DHB with at least one member to be skilled in negotiation. The level of skill required should be appropriate for the value, risk and complexity of the negotiation. Two people are required to ensure transparency in the negotiation, and support and note taking can be provided by the second member

The negotiation objective is

- to test the understanding and assumptions of the participants made when evaluating the proposals or services/ goods offered.
- Achieve a reduction in total cost, if appropriate

In negotiations the DHB should

- Ensure it doesn't use its negotiating power in an way not considered fair
- Is not solely focused on reducing bottom line, and sustainability and quality is also considered

At each negotiation meeting both parties should be made aware of the

- Authority the negotiating party has to make any agreements

Each negotiation should have documentation

- A negotiation plan which includes your most desired outcome and the outcome that is unacceptable (in this way you understand the negotiating parameters)
- Minutes of the negotiation meeting. This should include all agreements that are made in the meeting and the participants

Procurement Record-keeping for RFx processes

Full and accurate records should be kept of all aspects of the procurement process, in accordance with the relevant legislation and DHB policy.

Procurement will keep records:

- The tender document placed on GETS
- The evaluation template and decision
- Any tender responses
- All questions and their answers placed on GETS and communication with suppliers during the tender

process.

- Signed Interest Declarations.

Standard forms that are required to be completed for RFx processes (where applicable) are numbered:

1. RFx Procedures Checklist
2. Request for information (RFI)
3. Request of Expressions of Interest (EOI)
4. Request for Quotation (RFQ)
5. Request for Tender (RFT)
6. Request for Proposal (RFP)
7. Central Tenders Register
8. Central Register for approved departures from standard procurement practice
9. Response to questions from prospective providers (RFP/T/I)
10. Notification of additional information for prospective providers (RFP/T/I)
11. Notification of timeframe extension for competitive bid (RFP/T/I)
12. Notification of successful short-listing (RFI)
13. Notification of successful short-listing (RFP/T)
14. Notification of unsuccessful bid (RFP/T)
15. Confirmation of invitation to present (RFP/T)
16. Conflict of interest declaration (RFP/T)
17. Evaluation pack for the evaluation panel
18. Notification of re-advertisement, cancellation or additional RFP/T or EOI
19. Evaluation of responses template (RFP/T/I)
20. Standard Contractual Form.

These templates are held by the procurement team.

Tendering Workflow (RFP/Q/T)

Many RFx's will be initiated by the Procurement Team, whether by Capital Approval Process, ~~or~~ Contract renewal requirements or other opportunities identified by procurement or the service~~.~~

~~Service~~ Managers are responsible for contacting procurement for contract renewal. Contractual information is held in a centralised electronic contracts database that is available from the Intranet. Refer to the Contracts Approval Policy.

Planning and Funding is responsible for initiating the contract renewal process for their service contracts. They should contact procurement when it is decided that the service will follow a contestable process for contracts over $3~~1~~00,000 or $100,000 for new funding allocations. Where this is not the case, then the contract brief ~~register~~ must be signed with appropriate rationale / justification for the departure from this policy.

In other instances procurement should be contacted for advice and initiation of a RFx by Service managers or Budget holders.

A Project Initiation Document should be completed for all RFT/P's. This document should include a short explanation covering need for purchase. The document should be clear on scope, project participants and those with the authority on decisions. Anticipated costs and timeframes should be estimated. Risks and methods of communication detailed. This should be sent to all the project participants with approval from project sponsor.

The evaluation criteria will be decided before the writing of the tender document, and the tender document should ensure these expectations are in the specifications.

If the final negotiations are resulting in a significantly different specification, consideration should be given to allowing re-bidding by the other bidders.

Appendix One details the required workflow.

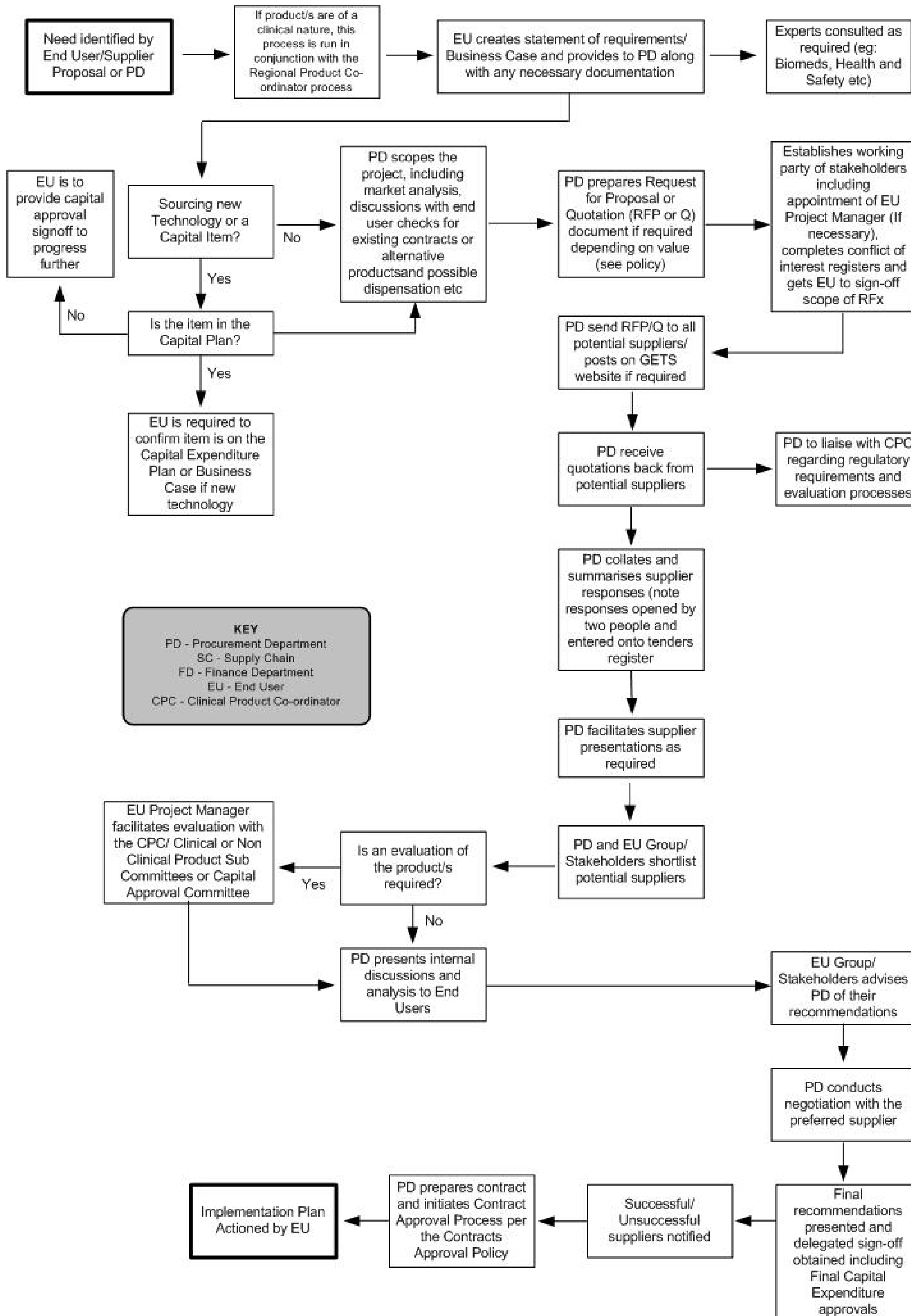
Note: Each party responsible should expedite workflow duties in as timely a manner as possible to prevent any undue delay in sourcing supplies and getting contracts approved.

In many cases of complex procurement, the end users / departments will need to assign a project lead to the working party of stakeholders to manage the overall process and operational aspects of the item being procured.

The procurement department are to support the procurement process and ensure adherence to the policy and provide the expertise to the procurement process itself and contract negotiations.

The Procurement Manager will hold overall responsibility for the adherence to the policy for the DHB.

Appendix One



N.B. This is a stand alone document hence the individual number

INTERNAL REQUEST FOR QUOTATION/ INFORMATION

REQUESTED BY		CONTACT No.		DATE	
DATE REQUIRED:					
DEPARTMENT:		Southland DHB		Otago DHB	
COST CENTRE:					
CAPEX APPROVED?	YES	NO	delete as appropriate	CAPEX No. (if known)	

CURRENT SUPPLIER (if known):	
SUPPLIER'S	
ADDRESS	

SUPPLIER CONTACT:					
FAX No.		PHONE		E-MAIL	

DESCRIPTION/ SPECIFICATION	QTY	EXPECTED DELIVERY DATE

REASON FOR REQUIREMENT:

DELIVER TO (DHB ADDRESS):

This form is for internal use only.
Please return to Regional Procurement.

Fraud Policy

Policy Purpose

This ~~Regional~~ Policy is to:

- Provide guidelines regarding appropriate actions to follow for the reporting and investigation of suspected fraud or similar activities
- Define fraud and provide examples of potentially fraudulent activity
- Outline the fraud prevention strategic framework
- Raise fraud awareness and its consequences
- Provide guidance to reflect the public sector perspective towards fraud
- Convey the DHB's attitude towards fraud.

Policy Applies To

This policy applies to:

- All employees of ~~Otago and Southland~~Southern District Health Boards, including temporary employees and contractors
- Any person who is involved in the operation of the ~~Otago and Southland~~ DHB~~s~~, including Board members, joint appointments with third parties, volunteers and those people with honorary or unpaid staff status
- Any person or provider contracted to the DHBs including those contracted for services and those contracted for the delivery of healthcare services

Associated Documents

- Code of Conduct Policy
- Delegation of Authority Policy
- Internal Audit Policy
- Protected Disclosures "Whistleblower" Policy
- Legislation – Protected Disclosures Act 2000, Crimes Act 1961 and Privacy Act 1993
- Auditor General Statement (AS 206)

Definitions

~~The "DHBs" or "DHB" refers to either of the Otago or Southland District Health Board or both depending on context.~~

This Policy adopts the definition of fraud set down by Auditing Standard AS-206 which states:

"The term fraud refers to an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage."

Examples of actions constituting fraud, misappropriation and other fiscal wrongdoings include, but are not limited to:

- Forgery or unauthorised alteration of any document belonging to the DHB with a view to personal gain or gain for another person
- Accepting or offering bribes or inducements
- Granting a contract, or engineering the granting of a contract to a particular third party with a view to direct or indirect personal gain
- Disclosing confidential information to third parties with a view to personal gain or gain for another person
- Using official position to secure unwarranted benefits, privileges or profit
- Knowingly approving for payment false or deliberately misleading invoices
- Knowingly issuing false or deliberately misleading purchase orders
- Presenting false credentials or qualifications
- Knowingly submitting a false timesheet, leave form or expense claim

The question of whether a fraud has been committed may only be finally determined following a decision by a court of law. For convenience this policy uses the term "fraud" even though the DHB will normally be concerned with suspected, rather than proven, fraud. Invariably, some discretion will be needed by the Investigator in determining whether the matter concerned is potentially fraud or serious misconduct as each type of event can have differing consequences.

Matters of serious misconduct (e.g. theft or excessive unauthorised personal use of DHB equipment) are dealt with by the DHBs Code of Conduct, Employment Agreements and Disciplinary policies and procedures.

Expectations

DHB attitude towards fraud

The DHBs regard fraud as totally unacceptable and will apply a principle of "zero tolerance" to fraud.

Following internal investigation, matters of suspected fraud will be referred to the NZ Police.

Employees who commit fraud or are suspected of fraud will also be subject to the DHB's disciplinary procedures.

Third parties and contractors who commit fraud or are suspected of fraud will be subject to remedies available under the contract and common law.

Recovery of money or property fraudulently obtained will be pursued wherever possible and practical. The criteria for this will be assessed using cost / benefit analysis. Where the benefit of recovery exceeds the cost, then ordinarily, the DHB will seek to recover.

The DHB has crime / fidelity insurance cover. Insurance parties will often also seek recovery and may have differing criteria for recovery.

Internal investigation and disciplinary or contractual action may be carried out by the DHB independently of any external investigations and actions.

Staff Responsibilities

Employees must be scrupulously fair and honest in their dealings with their employer, patients, suppliers, contractors, other health service providers and their fellow employees.

Employees must take reasonable steps to safeguard the DHB's funds and assets against fraud, waste, loss, unauthorised use and misappropriation.

Employees must report suspected fraud and / or breakdowns in internal control systems to their managers or other parties as detailed in the fraud notification section.

Contracted Provider Responsibilities

The DHB's contract with a provider specifies services to be delivered and the terms and conditions for payment for those services. It is the DHB's expectations that:

- the provider delivers a quantity and quality of services that at least meet the terms and conditions of its contract, and;
- claims only that funding that the terms and conditions of the contract entitles it to claim.

Deliberate claiming of payment for amounts outside the terms and conditions set out in the contract, or for services claimed to be delivered when they have not been, will be regarded as fraud by the DHB.

Management Responsibilities

Managers and Governors of public entities - whether elected or appointed to office - have a duty to conduct their affairs in a fair, businesslike manner, with reasonable care, skill, and caution and with due regard to the interests of taxpayers, ratepayers and others whom they serve.

Management is responsible for maintaining internal controls, including setting appropriate policies and monitoring compliance with these, and maintaining proper accounting records and other appropriate management information that ensures effective stewardship of public health funds as required by the New

Zealand Public Health and Disability Act 2000, and with reference to the 'Ethics Framework for the State Sector'. This is a management responsibility for each manager's respective areas.

Management should be familiar with the types of improprieties that might occur within their respective areas and be alert for any indication of irregularity.

The ~~Regional~~ Chief Financial Officer is primarily responsible for the DHB's Financial Internal Control Systems and Fraud Control and is available to provide guidance as required.

The ~~Regional~~ GM Human Resources is primarily responsible for the communication of the fraud strategy awareness programme to employees

Fraud Assessment & Detection

The Fraud Strategy Framework component of this policy identifies high risk areas for potential fraud.

Fraud risks are to be assessed regularly to ensure internal control procedures are reviewed as any business practice changes.

To assist with fraud prevention and detection, the DHB:

- Has an electronic hierarchy approvals system
- Undertakes employee and vendor bank account checks
- Uses data mining for irregular and suspicious transactions via annual internal audit
- Maintains a centralised contracts database
- Reports and checks high level vendor expenditure
- Has segregation of duties
- Has vendor creation approval processes
- Undertakes fraud risk assessment
- Maintains fraud awareness training
- Has fraud "hotline" 0800 377 277.

Investigation Principles

All allegations of fraud will be thoroughly and fairly investigated with reference to other organisational policies as required, e.g. the disciplinary policy.

External agencies may be used for investigation if deemed appropriate.

Allegations should be documented and include:

- A summary of the matter
- The source of the information and explanation of how the individual became aware of the matter
- Names and positions of any employees or third parties involved

- Any details of significant times, dates and locations relating to the matter
- Detail of any information and evidence to support the allegation (documents, records, etc)
- List of any other persons who may be able to assist in any investigation

Verbal reports however can be made; the Manager to whom the matter is being reported must make notes as above and confirm its accuracy with the person making the disclosure.

Any investigation must be fully documented.

Following internal investigation, where matters of fraud are suspected, the matter will be reported to the NZ Police and a complaint laid. This may result in criminal prosecution.

Following internal investigation, where matters of fraud or serious wrongdoing are suspected and where no criminal prosecution is likely or delayed, the DHB may exercise its rights of civil or contractual litigation if deemed appropriate.

Fraud Hotline

Anonymous reports or calls, will be treated seriously and should contain sufficient information to allow further investigation.

A 0800 number has been setup within the Audit & Compliance section of the Ministry of Health to provide an independent reporting mechanism if required. The phone number is 0800 377 277.

Confidentiality

It should be noted that maintaining confidentiality is particularly important as the individual(s) allegedly involved will not normally be alerted to the process of gathering and assessing evidential information. This is also to protect the rights of individual(s) involved.

The staff member discovering suspected fraud should not discuss the suspicion with anyone other than the person they report it to, or as otherwise directed by the investigator.

Employees must not attempt to investigate their concerns themselves or to contact the suspected individual(s) in an effort to determine the facts.

The DHB will make best endeavours not to disclose any identifying information. However, confidentiality cannot be guaranteed. For example, confidentiality may not be able to be maintained where the disclosure of identifying information is in the public interest or is essential to having regard for the principles of natural justice, the effective investigation of an allegation, legal proceedings or criminal complaint.

Protected Disclosures

The Protected Disclosures "Whistleblower" Policy and the legislation Protected Disclosure Act 2000, details the obligations and rights of employees and employers relating to notification of "serious wrongdoing"

The Protected Disclosures Act (2000) defines a serious wrongdoing to include:

- an unlawful, corrupt, or irregular use of public funds or public resources
- an act, omission or course of conduct that constitutes a serious risk to public health or public safety or the environment
- an act, omission or course of conduct that constitutes a serious risk to the maintenance:
    - of the law, including the prevention, investigation, and detection of offences and the right
    - to a fair trial
- an act, omission, or course of conduct that constitutes an offence
- an act, omission, or course of conduct by an employee that is oppressive, improperly discriminatory, or grossly negligent, or that constitutes gross mismanagement.

Individuals who make false or vexatious allegations or otherwise act in bad faith may not be afforded protection under the Protected Disclosures Act 2000 and may be dealt with under the DHB's disciplinary procedures and policies.

Fraud Notification

If a staff member suspects fraud by:	They should report it to:	The means by which the allegation is investigated:
Another Employee	Their Line Manager. (These Managers must then notify the ~~Regional~~ Chief Financial Officer - ~~R~~CFO)	Human Resources in conjunction with ~~R~~CFO.
Their Line Manager	The ~~R~~CFO.	Human Resources in conjunction with ~~R~~CFO.
The ~~R~~CFO	Chief Executive (CE).	Humans Resources in conjunction with CE.
Contractor, Supplier of the Provider /Governance-arm	Their Line Manager. (These Managers must then notify the ~~Regional~~ Chief	~~Group~~ General Manager of the Service in conjunction with the ~~R~~CFO.

	Financial Officer - ~~R~~CFO)	
Contractor, Provider of the DHB Funder	~~Regional~~ General Manager Planning & Funding (~~R~~GM P&F) (The ~~R~~GM P&F must then notify the ~~R~~CFO)	~~R~~GM P&F in conjunction with the ~~R~~CFO and the DHB's NGO Provider Audit Contractor – currently Healthpac or the South Island Shared Service Agency (SISSAL).
The CE.	~~R~~CFO. (The ~~R~~CFO must then notify the Board Chair)	Board Chair in conjunction with the ~~R~~CFO and Human Resources and / or external parties as required.
Board / Committee members.	CE. (The CE must then notify the Board Chair and ~~R~~CFO)	CE in conjunction with Board Chair, ~~R~~CFO and Human Resources as required.
If a Board member suspects fraud by:	**They should report it to:**	**The means by which the allegation is investigated:**
Another Board Member.	Board Chair. (The Board Chair must then notify the CE & ~~R~~CFO)	CE in conjunction with Board Chair, ~~R~~CFO and Human Resources as required.
Chair.	Chair of the Audit~~, Finance~~ & Risk ~~Management~~ Committee. (The Chair of A&~~F~~RC~~M~~ must then notify the CE & ~~R~~CFO)	CE in conjunction with A&~~F~~RC~~M~~ Chair, ~~R~~CFO and Human Resources as required.
All other parties	Board Chair. (The Board Chair must then notify the CE & ~~R~~CFO)	The investigation will be the same as specified in the employee section above and vary according to whom the suspected party is.
If a Contractor suspects fraud by:	**They should report it to:**	**The means by which the allegation is investigated:**
Staff, Board, Other contractors.	~~Regional~~ Chief Financial Officer (The ~~R~~CFO must then notify the CE)	Depending on the party, the investigation will be managed as above, for example, if staff, then by Human Resources & ~~R~~CFO, if by other contractors, then by Service Group Manager & ~~R~~CFO.

Internal Procedure for Investigation following Notification

The Investigator	Shall undertake a preliminary assessment for the purposes of seeking clarification and gathering further

information. The purpose of the preliminary assessment is to:

- Seek clarification and determine if there is any substance to the allegation
- To protect employees or contractors from false or vexatious allegations
- To gather and protect further evidence
- To provide a set of recommended actions for the CE.

Liaise with appropriate parties and seek such advice as deemed necessary to protect all parties.

Where the preliminary assessment shows a prima facie case of fraud, and has been approved by the CE, the allegation should be investigated fully including any assistance deemed necessary by external agencies and / or NZ Police.

Where employees are involved, it may be necessary to suspend; a decision to suspend will be taken in context of the disciplinary policy and in line with the delegation of authority policy.

Shall ensure full documentation is kept of any preliminary and subsequent full investigation and filed / stored appropriately.

The ~~R~~CFO

Shall maintain and update a central, detailed register of all fraud incidents and reports. The register shall incorporate:

- Parties involved
- Nature of event
- Amounts involved and / or recovered
- Investigation detail
- Recommendation / Outcome
- Control environment issues / weaknesses
- Control improvements made (if any)

Upon advice of a suspected fraud shall:

- Notify the CE
- Notify the A&~~F~~R~~M~~ Committee
- Notify the DHB's insurers of any potential fidelity claim or incidence as required under the insurance policy
- Notify the Internal and / or External Auditor

The notifications will give due regard to Privacy issues given the suspected status of the matter at this stage.

Upon completion of the preliminary and/ or full investigation:

- Update the above parties as required

- Lodge any insurance claim
- Provide feedback to the reporting individual where appropriate regarding whether or not evidence was found to support the allegations, that the investigation (if any) is complete and confirmation that appropriate actions was taken but not the detail of such action
- Review and make corrective actions to the internal control systems if the investigation reveals any deficiencies.

The CE

Shall:

- Notify the Board Chair, Ministry of Health and Minister of Health under the "no surprises" policy if the matter is deemed significant enough
- Deal with all media enquiry or in agreement with the Chair, the Chair may handle certain enquiries if appropriate
- Following receipt of the preliminary assessment report, determine the next actions including any referral to enforcement agencies

Fraud Strategy Framework

Background

Whilst it is not possible to eliminate fraud, it is possible to significantly reduce opportunities for fraud through adoption of multiple aligned strategies and policies that address different aspects of the control environment where potential fraud risk exposure exists. This part of the Fraud Policy explores these aspects of the control environment and outlines the strategy.

Key Risk Areas

Analysis of the DHBs' spend identifies 3 primary areas of exposure for exploitation by potential fraudsters. These areas are:

- Provider Arm: ~50% of DHB costs
- Personnel: ~65% of Provider Arm costs
- Contracts with suppliers of goods and services: ~35% of Provider Arm costs
- Funder contracts with health service providers: ~50% of DHB costs

The DHB will inform its understanding of key risks by reviewing the internal and external auditors organisational risk assessments annually.

Fraud Control Framework

The control framework sets out the strategies that form the basis for the multi stranded approach to fraud prevention and detection. The control framework will be supported by appropriate policies.

Human Resources

Human resource policies and processes will outline the behaviour expected of staff and management. They will project a clear expectation of honesty and full

disclosure and support the creation and maintenance of an ethical work environment. Specific policies and processes are:

i. Recruitment Screening & Declarations (e.g. CV checks, criminal record checks, registration checks, reference checks, etc.)
ii. Development of appropriate culture (e.g. inclusion of fraud alert in orientation program)
iii. Ongoing "Fraud Awareness" training
iv. Robust payroll processes (segregation of duties, review and appropriate authorities)
v. Annual payroll audit / review using forensic software (e.g. IRD number checks, duplicate bank account checks, etc.)
vi. Expenses claiming policy and audit
vii. Integrity policy and Code of Conduct policy
viii. Policy on receiving gifts and entertainment
ix. Declarations of conflicts of interest by Executive Management via the conflicts register
x. Declarations of conflicts of interest by all staff involved in a procurement project via the conflicts register held by procurement for that project

Internal Audit

The Internal Audit Policy will set out the investment required and focus of Internal Audit at the DHB. It will ensure that the mix of Internal Audit services employed each year is informed appropriately by an annual risk assessment. It is envisaged that the expenditure profile of the DHB would mean there is a heavy weighting towards payroll and purchasing processes and validation. The policy will be reviewed annually and the annual internal audit work plan set by the Audit~~, Finance &~~ Risk ~~Management~~ (A&~~F~~R~~M~~) Committee in consultation with the Internal Auditors.

The policy will require an annual internal audit work plan and will also include guidance on matters such as, weightings for forensic audit spend, risk identification processes, the importance of committee only time with the internal auditors, the overall internal audit budget, required skill sets for internal audit personnel and the monitoring of compliance with all policies linked to the fraud control framework. It is envisaged the annual work plan will include as a minimum:

i. Fraud risk identification and assessment
ii. Targeted forensic audit (including data mining), drawing on specialist skills based on target area (e.g. IT specialist for IT, procurement specialist for procurement, etc.)
iii. Scheduled A&~~F~~R~~M~~ Committee (without management present) interview with auditors.
iv. "Closing the Loop" systems audit (i.e. tests for vendor approval, procurement process, contract and/or purchase order approval, invoice, payment, delegations of authority, etc.).
v. Audit of compliance with Personnel Anti-Fraud Controls

vi. Control environment review, e.g. contract approval process, vendor creation control, rules based invoice approval process, etc.
vii. Interface and interaction with the external audit program and auditors.

In addition to the regular internal audit program for the Provider Arm, a plan will be set annually for Healthpac and SISSAL audits of Funder contracts. External providers may be used from time to time for issues such as the forensic audit arising out of the fraud investigation.

External Audit

While external audit is primarily influenced by the Office of the Auditor General and largely focuses on providing an opinion on the financial statements, opportunities to maximise the value of the audit in a fraud control context will be utilised. This will include:

i. Annual A&~~F~~R~~M~~ Committee (without management present) interview with auditors.
ii. Sample transaction test validation/ratification/ 'appropriateness test'
iii. Maximising the interaction between the external and internal audit processes

Delegations of Authority

The delegation of authority policy is important in a fraud control context as it sets out the authority levels for expenditure and procurement. Key to its utilisation for fraud control is the setting of appropriate levels for authorisation of expenditure and the ability to contract the DHB, and then monitoring compliance with these. The policy needs to be clear, concise and have good visibility in the organisation. The fraud control aspects will therefore include:

i. Annual review of the Policy by the A&~~F~~R~~M~~ committee (for segregation of duties, expenditure levels etc.)
ii. Appropriate linkages with internal audit
iii. Annual review of high level cumulative spend on single providers by authorised officer

Procurement Processes

Procurement of goods and services is governed by the procurement policy. This covers many aspects of the process including ensuring that there is compliance with government good practice requirements. In the fraud control setting the policy needs to ensure there are robust processes in place for the selection of suppliers and approval of contracts. It will include:

i. Vendor approval processes (sign off)
ii. Contract review at the point of origination
iii. Personal pecuniary gain and/or association
iv. Central Contracts Register
v. Bi-Annual review of the policy by the A&~~F~~R~~M~~ committee
vi. Annual review of high use suppliers, by cumulative spend, and authorising officer, by management and the A&~~F~~R~~M~~ Committee.

Fraud Policies

Fraud policies will be in place to set out the organisational attitude to fraud and the appropriate response to fraud occurrence. The policies will include:

i. Annual review by A&~~F~~R~~M~~ Committee.
ii. Principle of zero tolerance to fraud
iii. Fraud Hot Line
iv. Protected Disclosures

Role of the Audit~~,~~ ~~Finance~~ and Risk ~~Management~~ (A&~~F~~R~~M~~) Committee

The A&~~F~~R~~M~~ committee is appointed by the Board. Its composition will support the fraud control framework by ensuring members include persons with previous experience in one or more of governance, audit committees, audit generally and financial matters.

The A&~~F~~R~~M~~ Committee will have an annual work plan and meeting schedule that reflects the need to effectively monitor retrospective compliance with the policies associated with the Fraud Control Framework and the need to review the policies annually for prospective robustness. In particular the committee will set the Internal Audit work plan and review the outcomes of all internal and external audits and any fraud investigations.

Southern District Health Board

Minutes of the Joint Meeting of the Disability Support Advisory Committee and Community & Public Health Advisory Committee held on Thursday, 4 August 2011, commencing at 10.05 am, in the Board Room, Community Services Building, Southland Hospital Campus, Invercargill

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Present:	Dr J M Macpherson	Chairman
	Mr N M Cook	
	Mrs K J Crowther	
	Mrs M T Flannery	
In Attendance:	Mr J G Butterfield	Board Chairman (from 11.30 am)
	Dr B Sijnja	Board Member (from 11.30 am)
	Mr R Mackway-Jones	General Manager, Finance & Funding
	Mr B D Rousseau	Chief Executive Officer
	Ms J Kloosterman	Board Secretary (by videoconference)
	Ms J Harvey	Communications Officer

Unconfirmed

1.0 WELCOME

The Chairman welcomed everyone to the meeting.

2.0 APOLOGIES

There were no apologies.

3.0 MEMBERS' DECLARATION OF INTEREST

The Chairman called for any adjustments or amendments to the Interests Registers. There were none.

The Chairman asked if Committee members were aware of any agenda items with which they may have a potential conflict and reminded them of their responsibility to advise the meeting immediately should any potential conflict, actual or perceived, arise during discussions.

4.0 PREVIOUS MINUTES

It was resolved:

> **"That the minutes of the joint meeting of the Disability Support Advisory Committee and Community & Public Health Advisory Committee held on 6 July 2011 be approved and adopted as a true and correct record."**

Moved: Dr J M Macpherson
Seconded: Mrs K J Crowther

5.0 ACTION SHEET

The Committees reviewed and noted the action sheet (agenda item 10).

6.0 WORK PLAN

The Committees reviewed the status of the work plan for 2011/12 (agenda item 11) and noted the following advice from management:

- That all areas of activity not yet started were planned to commence this financial year;
- A draft portfolio plan had been drawn up for the Health of Older Persons (HOP) project and was currently being reviewed by the General Manager, Finance & Funding. Additional resources would be required to complete the HOP work;
- Regular reports on the Health of Older Persons work streams would be submitted to the Committees, commencing in October;
- Terms of reference for a DHB/PHO forum were being drawn up for discussion with the PHO and the Clinical Advisory Committee;
- A comprehensive portfolio plan was being developed for Child & Youth.

Unconfirmed

The Committees:

- Requested a copy of the report submitted to the Ministry of Health on the Provider Arm Maternity Quality and Safety Project;
- Noted that it was World Breastfeeding Week;
- Expressed concern about the adequacy of resources to complete Work Plan priorities.

7.0 PHO PERFORMANCE PROGRAMME

The Committees considered a report on performance results for the Southern PHO as at 31 December 2010 (agenda item 7) and noted that results were mixed.

It was resolved:

"That the report be noted."

8.0 CONTROLLER AND AUDITOR-GENERAL REPORT – HOME BASED SUPPORT SERVICES

A performance audit report on home-based support services for older people, published by the Controller and Auditor-General, was circulated with the agenda (item 9).

Mr R Mackway-Jones, General Manager, Finance and Funding reported that, as a result of the report, the Ministry of Health had issued a discussion document on improving home based support services and the complaints system was being discussed with the sector.

It was resolved:

"That the report be noted."

9.0 SOUTHERN SUICIDE PREVENTION ACTION PLAN

Jodie Black, Southern DHB Suicide Prevention Co-ordinator, and Stephen Jenkins, Service Manager, Public Health Services, Public Health South, joined the meeting.

Ms Black presented the proposed inter-sectorial Suicide Prevention Action Plan circulated with the agenda (item 9) and advised:

- That the Ministry of Health had extended the Suicide Prevention Contract to July 2013, therefore the plan would cover the period 2011-2013;
- That the Executive Summary would be amended to clarify that the data quoted was for 2003-2007, which was the most recent available at the time the report was written.

Ms Black then answered members' questions on data collection and mental health promotion.

Unconfirmed

It was resolved:

"That the Committees recommend Board endorse and approve the implementation of the Southern District Health Board Suicide Prevention Action Plan 2011-2013."

Ms Jodie Black, Southern DHB Suicide Prevention Co-ordinator, left the meeting.

10.0 PUBLIC HEALTH SOUTH (PHS)

A report from Public Health South (PHS) for June 2011 was circulated with the agenda (item 10) and was taken as read.

Mr Stephen Jenkins, Service Manager, Public Health Services, answered members' questions on PHS's activities and offered to provide the Committees with a report on water quality.

It was resolved:

"That the report be noted."

At 11.10 am it was resolved that the public be excluded for the following agenda items:

General subject:	*Reasons for passing this resolution:*	*Grounds for passing the resolution:*
Previous Public Excluded Minutes	To allow activities and negotiations to be carried on without prejudice or disadvantage.	S 32(a), Schedule 3, NZ Public Health and Disability Act 2000 – that the public conduct of this part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under sections 9(2)(i), 9(2)(j) of the Official Information Act 1982, that is withholding the information is necessary to enable a Minister of the Crown or any Department or organisation holding the information to carry on, without prejudice or disadvantage, commercial activities and negotiations.
National Pharmacy Agreement	Subject to commercial negotiations.	As above, sections 9(2)(i), 9(2)(j).
PHO Clinical Programme Proposal	To allow activities and negotiations to be carried on without prejudice or disadvantage.	As above, sections 9(2)(i), 9(2)(j).

Unconfirmed

The meeting closed at 12.10 pm.

Confirmed as a correct record:

Chairman ....

Date ....

Minutes of the Hospitals' Advisory Committee (HAC) Meeting

Thursday, 4 August 2011, 2.00pm
Board Room, Community Services Building, Southland Hospital Campus

Present:	Mr Paul Menzies	(HAC Chairman)
	Mr Neville Cook	
	Dr Malcolm Macpherson	
	Dr Branko Sijnja	
	Mr Richard Thomson	via videoconference
	Mr Tim Ward	
In Attendance:	Mr Joe Butterfield	(Chairman, Southern DHB)
	Mrs Kaye Crowther	(Board Member, Southern DHB)
	Ms Mary Flannery	(Board Member, Southern DHB)
	Mr Brian Rousseau	(Chief Executive Officer, Southern DHB)
	Mrs Lexie O'Shea	(Deputy CEO/Chief Operating Officer Southland)
	Mrs Vivian Blake	(Chief Operating Officer Otago) via videoconference
	Mr David Tulloch	(Regional Chief Medical Officer)
	Mrs Leanne Samuel	(Chief Nursing and Midwifery Officer)
	Ms Bron Anderson	(Senior Business Analyst Southland)
	Ms Jo Harvey	(Communications Officer)
	Mrs Joanne Fannin	(Board Secretary Southland – minute taker)

1.0 WELCOME

The HAC Chairman, Mr Paul Menzies, welcomed everyone to the meeting.

2.0 APOLOGIES

No apologies were noted.

3.0 MEMBERS' INTERESTS REGISTER

The Chairman reminded members of their responsibility to declare any conflicts of interest throughout the course of the meeting.

4.0 CONFIRMATION OF PREVIOUS MINUTES

It was moved:

> "That the minutes of the Hospitals' Advisory Committee meeting held on 6 July 2011 be approved and adopted as a true and correct record of the meeting."

Moved: Mr Ward
Seconded: Dr Sijnja
<u>Carried</u>

There were no matters arising from the HAC meeting held on 6 July 2011 that were not covered in the agenda.

5.0 ACTION SHEET

Action 54 Revenue for 150 additional discharges in Southland – the Senior Business Analyst advised that the wash-up is still to be finalised for the additional discharges and therefore no revenue has been included to date.

Action 55 Status Report for Southern Clinical Services – the report is a work in progress and will be submitted to the HAC on completion.

Unconfirmed

Action 56 Re-prioritisation work for the Information Technology (IT) Programme – work in this area is linked to the South Island programme and a workshop is to be held in August 2011. Following the workshop, feedback will be provided to the DHBs under the South Island Alliance. The Operating Room Management Information System (ORMIS) is currently being developed.

Action 57 KPI for Hospital Acquired Infections – to be included in the HAC agenda for September 2011.

In response to a query by Dr Branko Sijnja relating to the IT connection between primary and secondary care, the COO Southland advised that Southern DHB was working within the framework set up by the National Health Board (NHB). It was noted that e-discharges, e-referrals and e-prescribing were all priority areas. Nationally, the IT Board is undertaking a substantial amount of work looking at the sharing of patient information. Dr Sijnja noted the importance of sharing information both ways between primary and secondary care and highlighted the advantages for patients.

6.0 CHIEF OPERATING OFFICERS' REPORT

The COO Southland spoke to the report, with the following key points being highlighted:

Contract Performance – Southern DHB has achieved very close to target with elective caseweights (cwd) 81 below plan and elective discharges 47 above plan year-to-date (YTD) June 2011. With wash-ups yet to be finalised, this result may change. Additional discharges only counted for the last three months of the year for revenue purposes and this target looks unlikely to be met.

Financial Performance – the Provider Arm (PA) achieved a favourable result for June 2011 and YTD.

Operational Performance – the final report on the PA Dashboard for the 2010/11 District Annual Plan (DAP) was noted. The COO Otago advised that the Discharge Planner Pilot is working well and producing positive results. Management is looking at how to continue the benefits into the future, incorporating this into the other changes being progressed to improve the patient journey within Dunedin Hospital.

The HAC Chairman referred to the improved access to elective surgery and the consideration of longer term contractual arrangements with private providers and queried the contract arrangement on a fee for service basis. The COO Otago provided an update, noting the importance of the relationship with Mercy Hospital from an Otago perspective. A contractual relationship is in place, but the contract is not finite in terms of volume.

An update was provided on the Health targets. Rural hospitals are included in the target for 'Better help for smokers to quit' and assistance is being provided by the two base hospitals in Otago and Southland.

In response to a query by Mr Tim Ward regarding the Minister's Health target for shorter stays in the Emergency Department (ED), the COO Southland advised on the positive progress made within ED at Southland Hospital as a result of initiatives put in place. The COO Otago provided an update in relation to the ED at Dunedin Hospital, noting the review being undertaken in Dunedin by the NHB. She noted that a facilitator of the Middlemore programme was currently working within a range of work streams on the six hour target within Dunedin Hospital and significant engagement is taking place with staff. The NHB is supportive of the progress being made with the work streams within Dunedin Hospital.

Key Performance Indicators (KPIs) – two new KPIs, 'Clinical Supply Costs per Weighted Output' and 'Infrastructure Costs per Weighted Output', have been added as requested by HAC members. It was noted that the KPIs are a work in progress for DHBs nationally and change is likely to be on-going as data cleansing continues. Discussion was held on the

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differential in cost to provide services between Otago and Southland. The COO Southland noted the need for comparisons to be made within peer groups.

Concern was raised over the high 'did not attend (DNA)' rate in Southland, with the COO Southland advising that there were around 8000 DNAs for the year. She also advised that Southland was following best practice recommendations for reducing DNA rates, but noted that the resources were not available to undertake this for all Outpatient clinics in Southland. In response to a query by Mr Richard Thomson, the COO Southland advised that research into the first to follow-up ratio indicated that Southland was on par with other similar sized DHBs. The difference between the Southland and Otago peer groups was noted.

Overall members were happy with the new KPI reporting. However, Mr Thomson advised that he would also like to see the longer term trend for each KPI and the COO Otago is to arrange for a 12 month rolling average to be included.

The Board Chairman, Mr Joe Butterfield, joined the meeting at 2.25pm.

In response to a query by Dr Sijnja around whether rural clinics are included in the statistics for the outpatient follow-ups, the COO Southland advised that the clinic numbers are centralised at Southland base hospital. The COO Otago advised that the clinic numbers are included as part of the Otago volumes. In the past reporting statistics via the HAC have excluded the rural clinics and the COO Otago is to advise whether the new reporting system captures the rural clinics. She highlighted the need to establish what the other DHBs reporting within each peer group are doing to ensure accurate benchmarking.

Dr Sijnja queried whether management is confident that inter-hospital transfers are not being included in the unplanned acute readmission rates. Management is currently checking the base data for this.

In response to a query by Mr Thomson, the COO Otago advised that the 'length of time for acute admissions to surgery' is being looked at as part of the Optimising the Orthopaedic Patient Journey (OPJ) work stream.

7.0 CHIEF OPERATING OFFICER'S REPORT, OTAGO

Contract performance – the elective cwd and discharges for the month of June 2011 were slightly below plan. The wash-up for cwd takes place on 15 August 2011 and end of year cwd projections should be available for the HAC meeting on 1 September 2011.

Operational Performance – a high number of attendances continue through the ED. The proportionally higher number of ED attendances in Southland was noted and the Regional Chief Medical Officer (CMO) advised that nationally Southland has a higher attendance rate than would be predicted for the population. He highlighted the differences between Otago and Southland in the way patients filter through the system and noted the efficiencies achieved in Southland through effective staff interactions within the various work streams throughout the hospital.

The Comparison Summary of Actual Volumes against Budget and Elective Service Performance Indicators (ESPIs) were noted.

Diagnostic and Support Services (Otago) Update – with the continued demand for Computed Tomography (CT), outsourcing of referrals continues to ensure wait times are maintained. Work continues to recruit to staff vacancies in the Magnetic Resonance Imaging (MRI) and Magnetic Resonance Technology (MRT) areas.

Emergency, Medicine and Surgery Group Update – work continues on the Gastrointestinal Disease Centre, a partnership between Southern DHB and the Dunedin School of Medicine. In addition to the facility design, a significant part of the work is evaluating how Southern DHB is currently performing in this area and how to improve on the model of care and provide a Southern service that also incorporates the South Island strategy. The Board Chairman expressed concern at the suggestion that a delay in the concept plans going to the NHB could

Unconfirmed

result in a six month delay to the project and following discussion the HAC Chairman emphasised the urgency required. In discussion, the Chief Nursing and Midwifery Officer (CNMO) advised that whilst she supported the direction of Nurses doing colonoscopies, there were not currently many, if any, Nurses endorsed by the Nursing Council at Nurse Practitioner level as Endoscopists. Regulatory changes would be required via the Nursing Council around Nurses who are scoping. She noted the need for the support of Medical staff to progress and develop in the area of Nurse Practitioner Endoscopists and suggested the new Gastrointestinal Disease Centre of excellence could be the first unit in the country to pilot that type of work with Health Workforce NZ innovation support.

Mental Health and Community Directorate Update – an update was provided on the acute ward relocation project, the establishment of the Intellectual Disability (ID) Transition Unit on the Wakari site and the PA involvement in the Southern DHB sector wide Mental Health Review Core Planning Group.

Women's and Children's Health and Public Health Directorate (Otago) Update – an update was provided on the building work relating to the re-location programme with the Neo-natal Intensive Care Unit (NICU) and Paediatric Ward relocating to the 1st Floor of Dunedin Hospital. The success of two Registrars passing their FRACP, preparedness for the Rugby World Cup and the 97% immunisation coverage rate for the Vaccine Preventable Disease (VPD) Programme in June 2011 were highlighted.

8.0 CHIEF OPERATING OFFICER'S REPORT, SOUTHLAND

Contract and Operational Performance – the COO Southland highlighted that total admissions for the 2011/12 year were higher than the previous year. The significant increase in throughput of acute cwd was noted.

Medical Directorate Update (Southland) – the replacement of the CT scanner progressed with minimal impact to services despite the 10-15 day period without the scanner. An update was provided on the challenges with the inability to provide Senior Medical Officer (SMO) cover for all shifts in the ED.

Mental Health Directorate Update (Southland) – the report was noted and taken as read.

Surgical Directorate Update (Southland) – the continuing challenges with the Elective Service Performance Indicators (ESPIs) were highlighted. An update was provided on the actions being taken to address each of the areas of concern, i.e. Ear Nose and Throat (ENT), Ophthalmology, Orthopaedics and Paediatric Surgery. The impact of the ski season on services was noted. The support from Canterbury DHB specialists in the areas of Ophthalmology and Paediatric Surgery was noted.

Women and Children's Directorate Update (Southland) – the support of the Board for the launch of the Countdown Kids Appeal 2011 fund raising initiative on 5 August 2011 was noted. Before School Check targets were met and the MoH provided funding for additional work done over and above the target. Board member, Kaye Crowther passed on her congratulations to staff for achieving targets and, in particular, the high deprivation targets which are the most difficult to meet.

9.0 CHIEF NURSING AND MIDWIFERY OFFICER'S (CNMO) REPORT

The most significant work happening from a nursing perspective is preparing the implementation for the roll-out of TrendCare across both the Southland and Dunedin Hospital sites. Visits from the Safe Staffing Unit are planned for September 2011 and the use of TrendCare data will support this visit. A request has been made for Southland Hospital to join in the nursing cohort for the Health Round Table (HRT). This will enable access to comprehensive nursing sensitive data for Key Performance Indicators (KPIs) across both the Dunedin and Southland Hospital sites.

Unconfirmed

10.0 FINANCIAL REPORT

The SBA provided an update on her financial report and the following areas were highlighted:

- The PA posted a favourable result of $800K for June 2011. The YTD result is favourable by $6.8M against budget.
- The PA revenue result for the year was favourable, supported by the revenue for the Volumetric Modulated Arc Therapy (VMAT) machine purchase. Costs against the purchase are extended out from June 2011.
- Non-resident revenue was favourable and interest, donations and Kiwi saver credits came in better than forecast.
- Within the internal revenue line, the claw-back to the funder arm for the Mental Health underspend and the Oral Health Business case money were noted.
- The challenges with Accident Compensation Corporation (ACC) pricing and volumes were noted.
- Personnel costs were unfavourable to budget, but needed to be viewed in line with Medical outsourcing, the result was favourable for the year.
- Nursing personnel was unfavourable to plan, but there were additional revenue lines supporting the positions. Overtime was higher than budgeted. In response to a query by the Board Chairman, the SBA advised that a portion of the unfavourable nursing personnel costs related to the recent trend identified and a portion related to actuarial assessments, gratuity costs were greater than budgeted and resulted in an unfavourable variance of $300K.
- Allied Health personnel costs were favourable to budget, predominantly due to the Mental Health positions being unfilled. This was offset by the unfavourable variance against revenue.
- Support services and management administration remained within budget.
- The unfavourable variance for Clinical Supplies was less than anticipated at $124K, but pleasing.
- Infrastructure and non-clinical expenses were well within budget. Food services costs in Southland were less than anticipated and this was off-set by a corresponding unfavourable variance in revenue.

The SBA noted that the accounts are still in draft form, with stock takes, elective wash-ups, etc. still to be taken into account in the final result. The HAC Chairman acknowledged the favourable result, but noted the number of one-off impacts included.

The Chief Executive Officer, Mr Brian Rousseau, joined the meeting at 3.10pm.

In response to a query, a brief update was provided on the extra revenue received for costs incurred as a result of the February 2011 earthquake and on professional development entitlements.

The Regional CMO highlighted the cost savings resulting from the South Island Alliance clinical procurement process, noting the clinical input into this at a high level.

11.0 INFORMATION GROUP REPORT

In response to a query, an update was provided in relation to Business Intelligence. It was noted that training is to be provided for Business Analysts and some of the clinical team members who have shown an interest in data mining.

12.0 HUMAN RESOURCES (HR) DASHBOARD

The HR Dashboard was noted and taken as read.

Unconfirmed

13.0 BUILDING AND PROPERTY SERVICES

In discussion on the Master Site Planning (MSP) report it was agreed that an additional two tick box columns be added to the Capital Construction Project Summary – 'Project on time' and 'Project on budget'.

It was moved:

"That the management and financial reports be noted."

Moved: Mr Menzies
Seconded: Mr Ward
Carried

14.0 GENERAL

The CEO acknowledged the work within the Provider Arm during the 2010/11 year to deliver on all the KPIs set. The HAC Chairman requested that an acknowledgement be sent to all staff and management from HAC members for the positive result for the 2010/11 year.

It was moved:

"That the Committee move to the Public Excluded Session of the business at 3.25pm."

Moved: Mr Menzies
Seconded: Dr Sijnja
Carried

Resolution

That the HAC moves into committee to consider the following agenda items.

The general subject of each matter is to be considered while the public is excluded. The reason and the specific grounds under Section 32, Schedule 3 of the NZ Public Health and Disability Act (2000) for the passing of this resolution are as follows:

General Subject	***Reason for passing this resolution***	***Grounds for passing the resolution***
Risk Register – Otago and Southland	Clause 32(a) – to allow the public to be excluded where it is necessary to prevent the disclosure of information that could be withheld under the Official Information Act.	• Where it is necessary to protect the privacy of natural persons, including deceased natural persons – section 9(2)(a) • Where it is necessary to enable Southern District Health Board to carry on without prejudice or disadvantage, negotiations – section 9(2)(j)
Procurement Update	Clause 32(a) – to allow the public to be excluded where it is necessary to prevent the disclosure of information that could be withheld under the Official Information Act.	• Where it is necessary to enable DHBs to carry out, without prejudice or disadvantage, commercial activities and negotiations – sections 9(2)(i) and (j).

The meeting closed at 4.00pm.

Confirmed as a true and correct record:

Chairperson: ___________________________ Date: ______________________

Unconfirmed

FUNDING ADMINISTRATION

CONTRACTS REGISTER (EXPENSES) - AUGUST 2011

PROVIDER NAME	DESCRIPTION OF SERVICES	SIGNED BY	CONTRACT/VARIATION END DATE
Oceania Care Company Limited t/a Cargill Home Variation to Agreement	Individual Agreement for a named Individual.	Peter Hay	31.12.11
Presbyterian Support Otago Incorporated Variation to Agreement	Home Based Support Services.	Peter Hay	02.09.12
Bainfield Park Residential Care Limited Variation to Agreement	Long Term Mental Health Residential Care	Peter Hay	30.06.12
Access Homehealth Limited Variation to Agreement	HBSS Central Otago, Southland, Queenstown Lakes.	Peter Hay	02.09.12
Lake Wakatipu Home and Hospital Limited Variation to Agreement	Respite Care.	Peter Hay	03.08.20
Ryman Healthcare Limited t.a Rowena Jackson Hospital Service Schedule	Exceptional Circumstances Palliative Care for a Named Individual.	Peter Hay	24.06.11
Dunedin Home Support Services Variation to Agreement	Age Related Home Based Support Services.	Peter Hay	09.09.12
Mosgiel Abilities Resource Centre Incorporated Variation to Agreement	Home Based Support Services - Dunedin & Rual Otago including Clutha & North Otago.	Peter Hay	02.09.12
Queenstown Medical Centre Limited Variation to Agreement	Pregnancy and Parenting Education.	Adele Knowles	31.03.12
Wanacare Pharmacy Limited t/a Wanacare Pharmacy Pharmacy Services Agreement	For the Provision of Pharmacy Services.	Peter Hay	31.08.11
Presbyterian Support Southland t/a Peacehaven Hospital Service Schedule	Exceptional Circumstances Palliative Care for a Named Individual.	Peter Hay	21.09.11
Mossbrae Healthcare Ltd t/a Mossbrae Home & Hospital Service Schedule	Exceptional Circumstances Palliative Care for a Named Individual.	Leanne Illingworth	04.10.11

Maniototo Health Services Ltd Service Schedule	Child & Youth - Well Child Services	Peter Hay	30.06.12
Maniototo Health Services Ltd Service Schedule	Rural Hospital Medical and Surgical Services.	Peter Hay	30.06.12
Maniototo Health Services Ltd Service Schedule	Domicillary Services	Peter Hay	30.06.12
Maniototo Health Services Ltd Agreement	Community Health Services Head Agreement - Maniototo	Peter Hay	30.06.12
Maniototo Health Services Ltd Service Schedule	Primary Maternity Facility Services	Peter Hay	30.06.12
Central Otago Health Services Limited Service Schedule	Rural Hospital Medical & Surgical Services.	Peter Hay	30.06.14
Central Otago Health Services Limited Service Schedule	Domicillary Services	Peter Hay	30.06.14
Central Otago Health Services Limited Service Schedule	Community Health Services Head Agreement - COHSL	Peter Hay	30.06.14
Central Otago Health Services Limited Service Schedule	Health of Older Peoples	Peter Hay	30.06.14

TOTAL AMOUNT FOR THE MONTH: $28,128,518.91