NSW Ministry of Health

Financial Requirements and Conditions of Subsidy (Government Grants)

For the year ending 30 June 2024

NSW GOVERNMENT | Health

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Definitions

Term	Definition
ABF	Activity Based Funding
ADO	Allocated Days Off
AHO	Affiliated Health Organisation. Defined under s 13 of the *Health Services Act 1997* and means a non-profit, religious, charitable or other non-government organisation listed in Column 1 of Schedule 3 of the Act, but only in respect of its recognised establishments or services listed in Column 2 of that Schedule.
AFM Online	Asset & Facility Management Online. An information management system to improve how the assets and facilities of NSW Health are managed to ensure they are available in the right condition, at the right time and in the right location for optimal patient care.
AGIS	Advanced Global Intercompany System
ARC	Audit and Risk Committees
BTS	Budget Transaction System
CAC	Capital Asset Charge
CE	Chief Executive
Consolidated Fund	The fund established by the *Constitution Act 1902* into which all public moneys (including government deposits, taxes, tariffs, excises, fines, fees, loans, income from Crown assets and other revenues) is collected, received, or held together with Commonwealth grants, and from which appropriations may be drawn by way of Act of Parliament to cover expenditure.
CTF	Custodial Trust Funds are contributions that are not held for the benefit of the PHE. A PHE only performs the role of trustee and custodian of these assets.
DNR	District and Network Return. The DNR is the NSW clinical costing submission.
DoF	Director of Finance
DVA	Department of Veterans' Affairs
eCTRA	Electronic Custodial Trusts and Restricted Assets
EIP	Efficiency Improvement Plan
EIST	Efficiency Improvement and Support Team
Government Grant	Funds allocated to PHEs by the Ministry, or by a Local Health District to an AHO, including from appropriations from the Consolidated Fund and funds from the Commonwealth under the National Health Reform Agreement.
HAC	Health Administration Corporation. The Health Secretary incorporated as a corporation sole under s 9 of the *Health Administration Act 1982.* The Health Administration Corporation includes Public Health System Support (comprising Health System Support Group, HealthShare NSW and eHealth NSW), Health Infrastructure, NSW Ambulance and NSW Health Pathology.
Health Secretary	Secretary of the NSW Ministry of Health
KPI	Key performance indicator (or metric)
LHD	Local Health District
MoH, Ministry or Ministry of Health	NSW Ministry of Health listed in Part 1 of Schedule 1 of the *Government Sector Employment Act 2013*

Term	Definition
Monthly Performance Narrative	Monthly commentary on actual versus budgeted performance
MVA	Motor Vehicle Accident
NGO	Non-Government Organisations
Pillars	Agency for Clinical Innovation, Bureau of Health Information, Cancer Institute NSW, Clinical Excellence Commission, and Health Education & Training Institute. Pillars are Statutory Health Corporations as defined by s 2 of the *Health Services Act 1997*. The Cancer Institute NSW is subject to Chapter 10 of the *Health Services Act 1997* as if it were a statutory health corporation (s 21A of *Cancer Institute (NSW) Act 2003*)
PHE	Public Health Entities and includes, for the purposes of this policy document, i) Public Health Organisations (including Local Health Districts, Statutory Health Corporations) excluding Affiliated Health Organisations, and ii) Services provided by the Health Administration Corporation.
PHO	Public Health Organisations. This is defined under s. 7 of the *Health Services Act 1997* and comprises Local Health Districts, Statutory Health Corporations and Affiliated Health Organisations in respect of their recognised establishments and services.
RAS	Regional Assessment Service
RFA	Restricted Financial Assets. This means public money that is not a NSW Government Grant or Consolidated Fund payment and that can only be used for a specified purpose or purposes under a contract or other binding legal obligation. All RFA revenue is deemed appropriation money under the *Government Sector Finance Act 2018*.
RPM Tool	The KEY system used to track and monitor Efficiency Improvement Plan progress
Shared Service Entity	Defined as HealthShare NSW and eHealth NSW, Health Infrastructure and NSW Health Pathology
SHN	Specialty Health Network
SMRS	Statewide Management Reporting Services (sometimes referred to as Corporate Analytics or SMRT)
Statutory Health Corporation	Defined in Schedule 2 of the *Health Services Act 1997*
TACP	Transitional Aged Care Program
WD	Business Working Day

Executive Summary

The Financial Requirements and Conditions of Subsidy (Government Grants) is a policy document that outlines the requirements and guidelines for financial management and compliance for Public Health Entities (PHEs) within the NSW Health system. PHEs are required to comply with Conditions of Subsidy, which include financial accountability, budget management, and compliance with accounting standards and government policies.

The Conditions of Subsidy emphasise the importance of sound financial management, proper accounting procedures, accurate record keeping, and adherence to directions and requirements set by the Secretary and the Ministry of Health. PHEs must operate within the NSW Health Performance Framework and ensure both short-term and long-term financial sustainability.

The document also clarifies that government grants and payments should be recognised as revenue and outlines the authority to spend deemed appropriations. It provides guidance on compliance with the *Health Services Act 1997*, reporting requirements, and financial policies.

The policy applies to all NSW Health Public Health Organisations ('PHOs') including the Cancer Institute NSW.

The document is divided into three key sections:

- Section 1: Key background information and purpose of this policy document
- Section 2: Mandatory reporting requirements and any associated performance metrics
- Section 3: Application guidance for Chief Executives and Directors of Finance in applying the reporting requirements.

Significant changes for the 2023-24 document include (but are not limited to):

- The recognition of Commonwealth Activity Based Funding (ABF) and block funding payments under the National Health Reform Agreement as own source revenue. Further communication and guidance will be provided by the Activity Based Management, Financial Services and Asset Management, Ministry of Health.
- Reinforcing conditions around terms of appointment for employees not exceeding applicable industrial instruments (including awards), policy directives and determinations of the Secretary.
- Additional clarity on approach and principles for entering into Service Agreements with AHOs.

Chief Executives, Directors of Finance, and their direct reports are responsible for understanding and complying with this policy. Non-compliance may result in performance review meetings and can impact the relationship with the Ministry of Health.

In case of unclear interpretations, escalation can be made to the Deputy Secretary, Financial Services and Asset Management and Chief Financial Officer or the Executive Director, System Financial Performance and Deputy Chief Financial Officer of NSW Health.

1. Section 1 Background

1.1. Background

Section 127 of the *Health Services Act 1997* permits the Minister for Health ('the Minister') to approve the subsidies to all NSW Health Public Health Organisations ('PHOs'), including the Cancer Institute NSW, from the money appropriated to the Minister for Health under the annual Appropriation Act. The same section allows the Minister, or delegate, to attach conditions to such subsidy. The ability to apply conditions of subsidy has been delegated to the Secretary, Deputy Secretary, Chief Financial Officer and Deputy Chief Financial Officer.

At the same time, the Minister approves the initial government grant for all Health Administration Corporation ('HAC') entities, also from the annual appropriation. As a condition of this grant, HAC entities are required to comply with the same conditions as a PHO. Henceforth, PHOs (Local Health Districts and Statutory Health Corporations), HAC entities and the Cancer Institute NSW are collectively referred to as Public Health Entities or PHEs within the context of this document.

The State Budget, handed down in June each year, reflects the culmination of budget planning and negotiation between agencies and NSW Treasury, and decisions of Government over the preceding months to meet the costs of both ongoing and new services. PHEs are provided with funding to achieve budget, including expenditure, own source revenue and balance sheet movement budgets.

To maintain the relationship to the *Health Services Act 1997*, this document refers to recurrent and capital subsidy/budget. In practice, recurrent refers to operating expense/revenue. **From 1 July 2023, the Ministry of Health will use the words recurrent and operating interchangeably with the aim to phase out the use of 'recurrent' in communications to PHEs.**

It is a Condition of Subsidy (Government Grants) that Chief Executives are responsible for ensuring that there are appropriate measures in place to ensure sound financial management and compliance with Ministry of Health and Government policies with regards to financial and budgeting practices.

PHEs must:

- ensure that Government Grants (subsidies) are spent in accordance with the purpose and conditions of annual Service (or Performance) Agreements[1] and must comply with all statutory and regulatory conditions placed upon the payment of grants under the Service Agreement and any subsequent funding approvals.
- meet the targets and other requirements of their annual Service Agreement.
- operate within approved recurrent and capital budgets, achieve service activity volumes, and other performance and service objectives required under the annual Service Agreement.

The Secretary, as the delegate of the Minister under section 127(4) of the *Health Services Act 1997*, and as the accountable authority of the Health Administration Corporation (HAC), has determined that each PHE must comply with the requirements of:

- the Accounts and Audit Determination for Public Health Entities in NSW
- the Australian Accounting Standards pronouncements, where it is applicable to the public sector
- the Accounting Manual for Public Health Organisations
- any directions, Policy Directives, Information Bulletins, Guidelines, Manuals and any other policies or procedures issued or approved by the Health Secretary or the Minister.

[1] Local Health Districts and Specialty Networks have annual Service Agreements whereas the remaining Statutory Health Corporations (i.e., Pillar organisations) have annual Performance Agreements and HAC entities have Statement of Service. For simplicity of language in this document, 'Service Agreements' will refer to Service Agreements, Performance Agreements and Statement of Service.

Under the Accounts and Audit Determination, the Chief Executive and Board (if applicable) of a PHE must ensure:

- the proper performance of the PHE's accounting procedures including the adequacy of internal controls
- the accuracy of the PHE's accounting, financial and other records
- the proper compilation and accuracy of the PHE's statistical records
- observance of the directions and requirements of the Secretary and the Ministry of Health set out in policy directives and procedure manuals issued by the Minister, the Secretary, and the Ministry of Health.

PHEs must operate within the NSW Health Performance Framework. Financial sustainability should be viewed from both a short and long term perspective. Short term indicators show the ability of an entity to sustain sufficient liquidity over the short term, while long term indicators have a strategic focus such as an ability to continue funding asset replacement programs.

Income arising from contributions such as appropriations should be treated as a Government Grant by a PHE when the cash is applied. The Commonwealth contributions under the National Health Reform Agreement for activity based and block funding are recognised as Own Source Revenue by Local Health Districts and Specialty Health Networks (LHDs/SHNs).

1.2. Purpose

This policy document outlines the requirements and provides guidance to ensure that **Conditions of Subsidy** requirements under the *Health Services Act 1997* and other relevant NSW Health policy requirements are met. This policy document outlines requirements and expectations in relation to financial matters including accountability, budget and liquidity management, Auditor-General compliance, taxation, superannuation and leave.

By applying the key principles in this document, this will:

- assist PHEs to comply with the *Health Services Act 1997* and respective Service Agreements
- enable appropriate reporting on key financial and non-financial information in relation to the subsidies (**Section 2 Mandatory Conditions of Subsidy Requirements**)
- provide guidance to PHEs on financial reporting requirements to ensure policy compliance
- provide guidance to PHEs to promote and enhance consistency of reporting between PHEs.

PHEs are required to comply with these guidelines and policy directives as these represent best practice and ensure compliance with statutory and legislative policy requirements across NSW Health.

The *Health Services Act 1997* is the principal act regulating the governance and management of the public health system in NSW. The Act establishes the NSW public health system as comprising of:

- Local Health Districts
- Statutory Health Corporations, including board, chief executive and network governed Statutory Health Corporations
- Affiliated Health Organisations (with respect to their recognised services)
- the Secretary, NSW Health with respect to ambulance services and other services to support the public health system.

In the context of this policy, Public Health Entities (PHEs) refers to Local Health Districts, Statutory Health Corporations, and services provided by Health Administration Corporation as incorporated by the *Health Administration Act 1982*. This excludes Affiliated Health Organisation and other NSW Government entities within the Health portfolio such as St Vincent's Health Network, Health Care Complaints Commission, Mental Health Review Tribunal, Health Professionals Councils, and Mental Health Commission of NSW.

1.3. When and How to Use This Policy

This policy document should be read in conjunction with the documents listed in Section 1.1 Background.

This suite of documents should be understood by each Chief Executive, Director of Finance, and their direct reports:

- as a requirement of receiving Government Grants from NSW Ministry of Health
- to comply with mandatory reporting requirements
- to ensure consistency in financial reporting and statutory compliance across the NSW public health system
- to ensure appropriate governance and compliance of each PHE's financial performance and balance sheet position.

1.4. Policy review and control

Issue Date	19 September 2023
Revised Date	18 September 2023
Author	Executive Director System Financial Performance and Deputy Chief Financial Officer
Key Changes to 30 June 2023 policy document	• Shared Services Entities included in definitions • Section 1.1 updated from interim arrangements under the *Government Sector Finance Act 2018* to refer to annual appropriations under the *Health Services Act 1997* • Update Table 1: Annual Requirements – Statutory Reporting Dates • Update Tables 2 and 6 with EIP reporting requirements. • Sections 1.1, 3.7, and table 9 updated to reflect changes to the treatment of Commonweath contribution associated with the National Health Reform Agreement • Update Table 6: Key performance metric for the monthly Capital Narrative • Section 3.2 updated with the escalation rate for non-government organisation budgets for 2023-24 • Section 3.2.3.1 Account Breakdown for Budget Supplementation section added • Sections 3.5 Procurement and 3.6 Cash, Banking, Liquidity Management updated (no additional requirements) • Section 3.6.2 KPI on aged debtors updated. Also updated in Tables 7 and 9 • New section on 3.7.3 Cinical Costing Data and related KPI in table 5 • New section on 3.7.1.3 Shared Services Entity Cost Metrics • New section 3.7.9 Administration of Grants included • New requirements for Capital Asset Charges included in Table 2 and section 3.2.4 • New section on 3.7.10 Mental Health Initiative reporting included • Inclusion of Appendix A: Management Certification, Appendix F: Budget Notice Template, and Appendix G: Expense Budget Template

1.5. Non compliance with this policy

The requirement to comply with the various Conditions of Subsidy is outlined in the annual Service Agreements between NSW Health and NSW Health Public Health Entities (PHEs). These Service Agreements are a central component of the NSW Health Performance Framework. The Conditions of Subsidy requirements outlined in this policy document should therefore be read in conjunction with the annual Service Agreement and with knowledge of the NSW Health Performance Framework.

Where requirements are not complied with or key performance metrics are not met, the Ministry of Health will consider these as part of the quarterly performance review meetings with the CE and senior management team for each PHE. Where a performance issue is identified, the frequency of meetings may be increased until the issue is resolved.

1.6. Escalation requirements

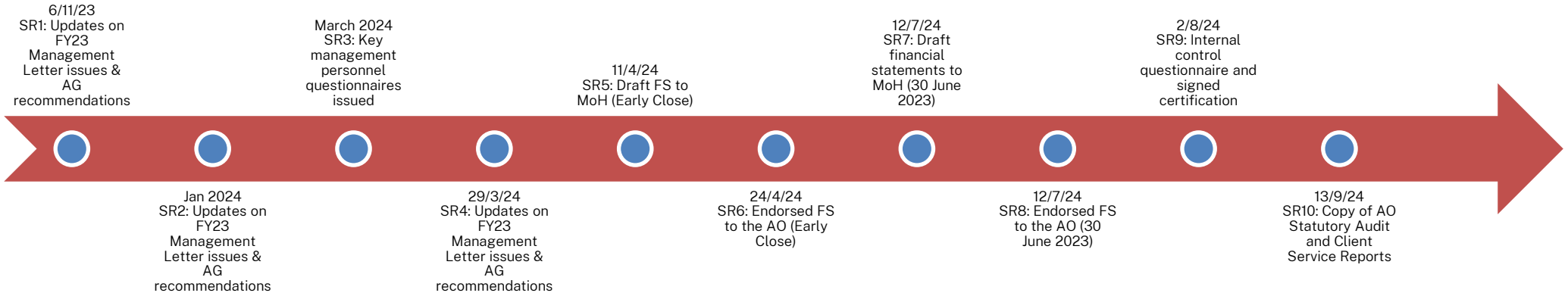
Interpretations of the provisions of this guidance paper that are unclear or not specifically addressed should be discussed in writing with the Deputy Chief Financial Officer and Deputy Secretary and Chief Financial Officer of NSW Health.

2. Section 2 Mandatory Conditions of Subsidy Requirements

2.1. Annual Requirements

As part of the conditions of subsidy, it is the responsibility of the Chief Executive and Director of Finance of each PHE to ensure that the following are submitted **by the below due dates**.

Annual Statutory Reporting Timeline



Further details for the annual statutory submissions can be seen below in **Table 1: Annual Requirements – Statutory Reporting.**

Table 1: Annual Requirements – Statutory Reporting

Annual Requirements – Statutory Reporting	PHE owner	Due Date
SR1: Submit progress updates to Audit and Risk Committee in relation to FY23 Management Letter issues and the status of Auditor-General recommendations. ARC has reviewed all matters raised by the auditors and remediation plans.	CE	6 Nov 2023
SR2: Submit progress updates to ARC in relation to FY23 Management Letter issues and the status of Auditor-General recommendations. ARC has reviewed all matters raised by the auditors and remediation plans.		Jan 2024
SR3: Complete key management personnel questionnaires		Mar Milestone Report
SR4: Submit progress updates to ARC in relation to FY23 Management Letter issues and the status of Auditor-General recommendations. ARC has reviewed all matters raised by the auditors and remediation plans.		29 Mar 2024
SR5: Submit draft financial statements to MoH (Early Close) Any required changes must be endorsed by the MoH Financial Accounting team.	DoF	11 Apr 2024
SR6: Submit endorsed financial statements to the Audit Office (Early Close)		5-24 Apr 2024
SR7: Submit draft financial statements to MoH (30 June 2024)		12 Jul 2024
SR8: Submit endorsed financial statements to the Audit Office (30 June 2024) Cascading certification required as part of June Milestone Report (see MN1 in **Table 6: Monthly Requirements – Monthly Performance Narratives**)	CE and DoF	To ARC between 2 to 19 July 2024
SR9: Submit Internal control questionnaire and signed certification over the Effectiveness of Internal Controls over Financial Information (TP17-06)		2 Aug 2024
SR10: Copy of Audit Office Statutory Audit Reports and Client Service Reports submitted to be submitted to Ministry of Health Financial Accounting team.	DoF	13 Sep 2024

Refer to **3.1 Statutory Reporting and Audit Compliance** for application guidance.

Dates of SR5, SR6 and SR7 may change depending on NSW Treasury timetables.

Annual Budgeting, Forecasting and EIP Timeline

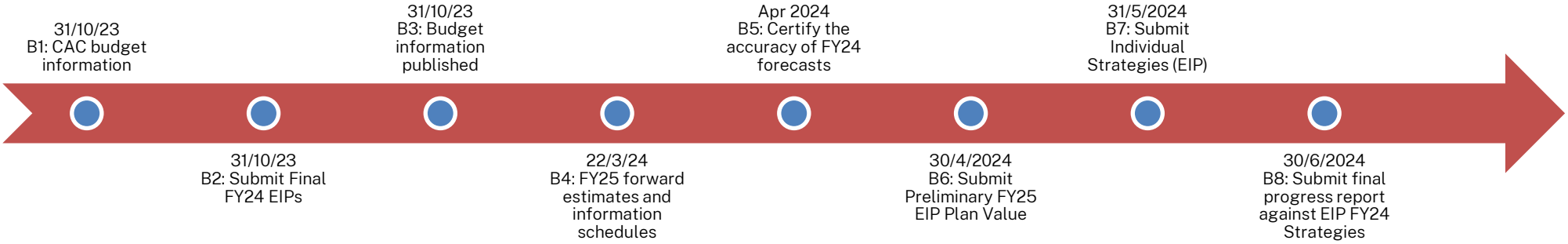


Table 2: Annual Requirements – Budgeting, Forecasting and EIP

Annual Requirements – Budget	Application guidance	Due Date
B1: Include the Capital Asset Charge (CAC) amount as a budgeted operating expense in the PHE's Operating Statement. Submit to eHealth applications for CAC Compensation Regime and details of Memorandum Accounts to enable eHealth to make adjustments to PHE's Capital charge.	**3.2.4 Capital Asset Charge**	31 Oct 2023
B2: Submit individual efficiency strategies (EIPs) to EIST to meet final EIP target for FY24.	**3.2.5 Efficiency Improvement Plans**	31 Oct 2023
B3: Publish FY24 Budget information on internet and notice boards. Refer to **Appendix G** and **Appendix H** for the required templates. Source data is to be from BTS.	**3.2 Budgeting, Forecasting & EIPs**	31 Oct 2023 (final)
B4: Submit FY25 forward estimates and information schedules to MoH	**3.2.4 Forecasting**	22 Mar 2024
B5: Certify the accuracy of FY24 forecasts. See **Appendix F.**		Apr 2024
B6: Submit a summary of initiatives to EIST to meet preliminary efficiency target (EIP Plan). This applies to planning for the following financial year 2024-25.	**3.2.5 Efficiency Improvement Plans**	30 Apr 2024
B7: Submit individual strategies to EIST to meet preliminary efficiency target (EIP). This applies to planning for the following financial year 2024-25.		31 May 2024
B8: Submit final progress report against EIP strategies for FY24 via KEY		30 Jun 2024

The PHE owner for all requirements is the Chief Executive, apart from B8 which is co-owned by the Director of Finance

Templates to publish B3 will be made available to PHEs for the FY24 Budget.

Submissions B2, B6 and B7 are to be made through provided templates; B8 to be made through KEY.

Annual Capital Submissions Timeline

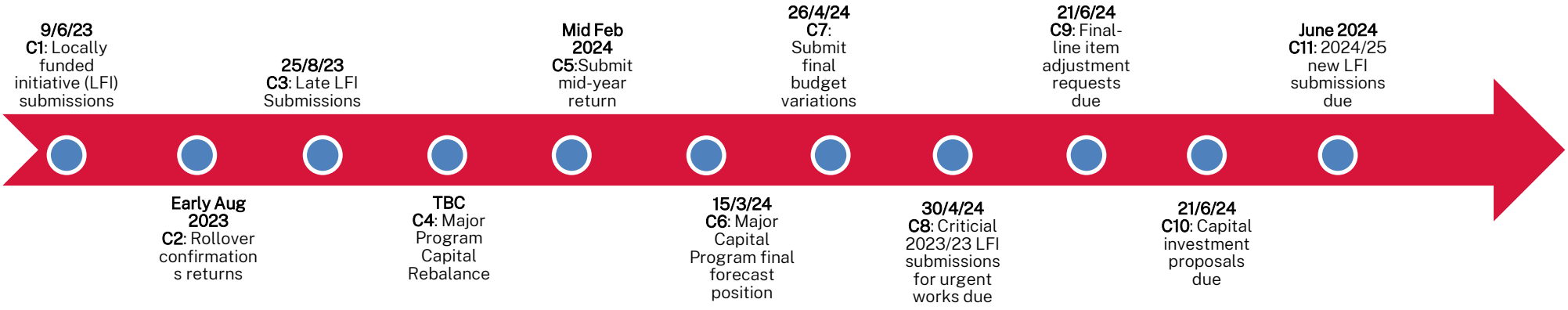


Table 3: Annual Requirements – Capital

Annual Requirements – Capital	Due Date
C1: Locally funded initiative (LFI) submissions due to MoH	9 Jun 2023
C2: Rollover confirmations returns due	Early Aug 2023
C3: Late LFI Submissions due	25 Aug 2023
C4: Major Capital Program rebalance (for Treasury Half Year Review) (Health Infrastructure, eHealth, Ambulance only)	TBC
C5: Submit mid-year return	Mid Feb 2024
C6: Major Capital Program final forecast position (for 2024-25 budget process)	15 Mar 2024
C7: Submit final budget variations	26 Apr 2024
C8: Critical 2023-24 LFI submissions for urgent works due	30 Apr 2024
C9: Final line-item adjustment requests due	21 Jun 2024
C10: Capital investment proposals due to inform the 2024-25 budget	

Annual Requirements – Capital	Due Date
C11: 2024-25 new LFI submissions due	Jun 2024

Templates for submissions will be provided via email and submission to be to MOH-CapitalReporting@health.nsw.gov.au. The dates for submission are subject to change. The PHE owner for all requirements is the Director of Finance.

Refer to **3.3 Capital** for application guidance.

Table 4: Annual Requirements – Revenue

Annual Requirements – Revenue	Key Performance metric	Due Date
R1: Submit a register of all Staff Specialists, including levels, speciality and current facility fee rate	PHE is charging facilities fees at the standard facility fee rates	17 Nov 2023
R2: Submit a register of all Visiting Medical Officers (VMO) including: • Speciality • Current licence agreement details, including date, rates, etc. • Details of out-of-pocket expenses for inpatients	PHE has a standard licence agreement in place with all VMOs and has a register of out-of-pocket arrangements	
R3: Submit a report detailing the total number and amount of inpatient invoices that have been written off, adjusted and paid	PHE has strategies in place to minimise doubtful and bad debts	1 Jul 2024
R4: Submit a report by facility detailing the total number of PLOs, their operation hours and number of vacancies	At least 75% of key frontline revenue roles are occupied and staffed appropriately	17 Nov 2023
R5: Certify that there are clinician engagement plans and own source revenue plans in place	PHE has suitable documentation to support own source revenue improvement	
R6: Certify that there are operational and strategic revenue committees, and that these committees have oversight over all own source revenue streams	PHE has suitable governance and accountability structures in place to support own source revenue improvement	
R7: Certify that Revenue Portal usage is encouraged across all frontline staff and revenue management	PHE has suitable processes in place to fully utilise the Revenue Portal	
R8: Certify that there are sufficient processes in place to ensure Medicare compliance	Demonstrate suitable processes are in place to monitor Medicare billing	
R9: Certify that clinicians receive sufficient information about Medicare billing at the time of their commencement	Demonstrate onboarding processes for all clinicians to receive information material about Medicare billing	
R10: Submit a revenue Organisational Chart including both frontline and back-office	PHE has appropriate revenue resourcing	
R11: Certify that suitable and relevant training is in place for all aspects of own source revenue for new and existing staff	PHE has training plans and schedules covering all aspects of own source revenue	
R12: Certify that Level 1 Staff Specialists are expected to bill for all chargeable services	PHEs are responsible for Level 1 Staff Specialist billing	

Refer to 3.7.2.2 Own Source Revenue for application guidance. PHE owner for all requirements is the Director of Finance

Contact Ministry Revenue at MOH-Revenue@health.nsw.gov.au for reporting formats.

Table 5: Annual Requirements – Other Annual Obligations

Annual Requirements – Other Annual Obligations	Reporting format to Ministry	Key Performance metric	Application guidance	Due Date
01: Submit local Strategic Asset Management Plans (SAMPs) and Asset Management Plans (AMPs)	Email: MOH-AssetManagement@health.nsw.gov.au	Deliverable	**3.4 Asset Management**	1 Jul 2024
02: Submission of the SLA KPI: Capital renewal as a proportion of asset replacement (%)	Quarterly - in the Monthly Performance Narrative as a **Financial KPI**	On an annual basis, capital replacement and renewal expenditure, as a proportion of asset replacement value at 30 June 2024, is greater than or equal to 1.4%		Sep 2023 (Q1) Dec 2023 (Q2) Mar 2024 (Q3) Jun 2024 (Q4)
03: Submission of the SLA KPI: Asset maintenance expenditure as a proportion of asset replacement (%)		On an annual basis, asset maintenance expenditure, as a proportion of asset replacement value at 30 June 2024, is greater than or equal 2.15%. This is to be supported by an annual asset maintenance expenditure budget and monthly maintenance management program		
04: Submission of the SLA KPI: Passenger Vehicle Fleet Optimisation (% Cost Reduction)		On an annual basis, a 3% reduction in the total net passenger fleet operational costs from the previous reporting period		
05: Submission of the SLA KPI: Energy efficiency and renewable energy project implementation (%)	Email: MOH-AssetManagement@health.nsw.gov.au Report format is to be communicated separately and performance against SLA will be assessed bi-annually, however interim progress reports will be required quarterly.	The total amount of energy use that will be avoided each year represented as a % of the total consumption in the baseline year (FY2022-23), is at least 1.5%		
06: Submission of local NSW Health Asset Management Framework Implementation Plans	Email: MOH-AssetManagement@health.nsw.gov.au	Deliverable		Annually (31 Dec 2023)
07: Complete local annual asset management maturity assessment	Submission to Asset Management Branch MoH, via Health Infrastructure, Asset and Project Advisory			Annually (31 Mar 2024)
08: Submit Act of Grace and Gifts of Government Property Registers	Email: MOH-HealthFinReporting@health.nsw.gov.au	N/A	**3.7.6 Compliance with Laws, Regulations and Applicable NSW**	Annually

Annual Requirements – Other Annual Obligations	Reporting format to Ministry	Key Performance metric	Application guidance	Due Date
			Treasury Circulars and Directives	
09: Submit clinical costing data via the District and Network Return (DNR)	Submission to the Activity Based Management Branch, Financial Services and Asset Management, MoH.	N/A	**3.7.1 Clinical Costing Data (District and Network Return)**	Annually (full year) – Oct 2023 Quarterly submissions (within three months after quarter end)

PHE owner for all requirements is the Chief Executive.

Performance metrics O2 and O3 are outlined in the 2023-24 annual Service Agreement. These performance metrics and associated reporting requirements are a Condition of Subsidy and explanatory guidance is therefore included in this policy document.

The performance metric and submission dates for 04 and O5 is subject to change and will be communicated by the Asset Information and Sustainability Team, Ministry of Health.

2.2. Monthly requirements

As part of the Conditions of Subsidy, it is the responsibility of the CE and/or DoF of each PHE to ensure that the following are submitted on time and where applicable, performance metrics outlined in the table below are complied with.

Table 6: Monthly Requirements – Monthly Performance Narratives

Monthly Requirements – Monthly Performance Narratives	Reporting format to Ministry	PHE owner	Key performance metric	Application guidance	Due Date
MN1: Submit Monthly Milestone Report & Management Certification	Submission is via completion of the tasks in Financial Task Manager (**Appendix A** and **Appendix B**)	DoF	N/A		WD10
MN2: Submit monthly Performance Narrative	Submission is the completion of the Monthly Performance Narrative to MoH Finance (see **Appendix D**)	CE, DoF	As outlined in the SA: • The variance percentage of Actuals versus Budget – General Fund for Expenditure, Own Source Revenue and NCOS should be on budget or favourable. • Variance percentage of Actuals to Budget for RFA Expenditure and Revenue • YTD performance to plan for FTE, separations, and National Weighted Average Unit • Asset Management and Sustainability performance as per SLA.	**3.7 Other financial reporting guidance**	WD4
MN3: Submit monthly Capital Narrative	Submission is the completion of the Monthly Capital Narrative to MoH Finance (e.g., see **Appendix E**)		Variance explanations are required for: • Any variances of Full Year Forecast versus Budget.		
MN4: Update EIP Monthly Milestones	KEY software		Key performance metrics are: • EIP actual performance YTD versus EIP Plan YTD plan is favourable. • EIP full year forecast performance versus EIP target is favourable.	**3.2.5 Efficiency Improvement Plans**	WD7
MN5: CTF Scorecard Submission (see **Appendix C**)	Email: MOH-RestrictedFinancialAssets@health.nsw.gov.au		The CTF Scorecard includes several sheet metrics: • Current Ratio: >2.00 • Working Capital: +ve • Liquidity: >90% • Cash in CTF: >90%	**3.6.4 Restricted Financial Assets and Custodial Trust Funds**	WD10

Monthly Requirements – Monthly Performance Narratives	Reporting format to Ministry	PHE owner	Key performance metric	Application guidance	Due Date
			• Debt Equity Ratio: 0		
MN6: RFA Scorecard Submission (see **Appendix C**)	Email: MOH-RestrictedFinancialAssets@health.nsw.gov.au		The RFA Scorecard includes several sheet metrics: • Working Capital: +ve • Liquidity: >85% • Cash in RFA: >90% • % Committed Cash: <100% • Debt Equity Ratio: <0.5		

MN5 and MN6 are for the month-end of August, November, February and May only.

Table 7: Monthly Requirements – Balance Sheet and Other Reporting

Monthly Requirements – Balance Sheet and Other Reporting	PHE owner	Key performance metric	Application guidance
BS1: Leave entitlement reporting	DoF	• ADO expense as a percentage of total salaries expense does not increase more than 5% monthly • Number of employees with ADOs > 3 days does not increase more than 5% monthly. • Where the average ADO balance as of 30 June 2023 is greater than 3 days, the average ADO balance of the employees should show a reduction of at least 10% by 31 December 2023	**3.7.4 Leave Entitlement and Allocated Days Off (ADOs)**
BS2: Direct debit reporting		No direct debit payments are made other than as authorised by the CFO	**3.6 Cash, Banking, and Liquidity Management**
BS3: Vendor reporting		• PHEs maintain 100% of small vendors are paid within 5 days unless an existing contract or standing offer provides an alternate time period. • PHEs maintain 100% of other vendors are paid immediately where goods and have been receipted and purchase orders matched.	**3.6.3 Aged Creditors**
BS4: Aged debtor reporting		On a monthly basis: • patient fees debtor balance greater than 120 days as a percentage of total patient fees debtors is less than 20% • sundry debtor balance greater than 120 days as a percentage of total sundry debtors is less than 10%	**3.6.2 Aged Debtors**
BS5: Procurement savings target	**PHEs only:** CE/DoF	On a monthly basis the actual YTD procurement savings achieved ($) as a percentage of Target YTD procurement savings ($) is equal or greater than 95%.	**3.5 Procurement**

All requirements are due on working day four. Submission is via the Monthly Performance Narrative.

Performance metric BS5 is outlined in the 2023-24 annual Service Agreement. The performance metric and associated reporting requirement is a Condition of Subsidy and explanatory guidance is therefore included in this policy document.

Table 8: Monthly Requirements – Forecasting

Monthly Requirements – Forecasting	Reporting format to Ministry	PHE owner	Application guidance	Due Date
F1: Submit outstanding budget supplementations	Budget Transaction System	DoF	**3.2 Budgeting, Forecasting & EIPs**	To be communicated separately
F2: Submit daily estimates reporting on the daily cash flow forecasts for actual cash inflows and outflows	State-wide Cash Forecasting System		**3.6 Cash, Banking, and Liquidity Management**	10 AM Daily
F3: Submit detailed daily cash inflow and outflow projections each month, for the following twelve months (2 months daily, 10 months monthly)				Monthly
F4: Finalise and submit Monthly Forecasts	SMRS	CE, DoF	**3.2.4 Forecasting**	WD3

Table 9: Monthly Requirements – Revenue

Monthly Requirements – Revenue	Reporting format to Ministry	PHE owner	Key performance metric	Application guidance	Due Date
RM1: Reporting of private health insurance conversion rate for inpatients	Submission is included within Monthly Performance Narrative	DoF	• 85% Target, and • Equal to or greater than the previous month	**3.7.2.2 Own Sources of Revenue**	WD4
RM2: Reporting of private health insurance identification rate for inpatients			• Equal to or greater than the previous month		
RM3: Reporting of total percentage of chargeable Staff Specialist services without billing (per the Revenue Portal)			• Less than 10%, and • Equal to or less than the previous month		
RM4: Monitor and immediately report any Medicare compliance activity to the Ministry and keep the Ministry updated as to the progress of all compliance action	Email: MOH-Revenue@health.nsw.gov.au		Compliance concerns immediately escalated		Ongoing
RM5: Report to monitor and analyse level of debt for inpatient fees including volume of write off	Submission is included within Monthly Performance Narrative		On a monthly basis, patient fees debtor balance greater than 120 days as a percentage of total patient fees debtors is less than 20% (BS4 in **Table 7: Monthly Requirements – Balance Sheet and Other Reporting)**	**3.6.2 Aged Debtors**	WD4
RM6: Monitor and report any issues relating to variance with Commonwealth contributions for National Health Reform Agreement	Submission is included within Monthly Performance Narrative		Variance is to be discussed at performance meetings	**3.7.2.1 Own Sources of Revenue**	Ongoing

3. Section 3 Application Guidance

3.1. Statutory Reporting and Audit Compliance

It is a Condition of Subsidy that:

- PHEs must submit all required returns and lodgements as per **Table 1: Annual Requirements – Statutory Reporting**.
- PHEs respond to the audit management letters in a timely manner (with formal updates required in line with the timing outlined), responding to the matters or recommendations raised and, where required, putting measures to improve processes and practices.
- where applicable, PHEs track performance against Auditor-General Report Recommendations made to Parliament, with remediation plans being prepared and in place prior to the Early Close (Refer to **Table 1: Annual Requirements – Statutory Reporting**) date in the following financial year (i.e. 2023-24 recommendations remediation plan should be in place prior to 10 April 2024). The Ministry of Health can request for status reports and these should be readily available.
- local Audit and Risk Committees should review matters raised by auditors and establish processes to rectify issues raised by the auditors at least once a quarter and submit updates by the end of the quarter (excluding year-end).
- ensure the Ministry of Health Financial Accounting team are advised of all administrative transfers on a timely basis.
- Chief Executives are to ensure they have processes and governance arrangements in place so there are no material misstatements or errors in the annual financial statements of their reporting entity.

Further information on the annual Certification of the Effectiveness of Internal Controls over Financial Information can be found in NSW Treasury Policy Certifying the Effectiveness of Internal Controls over Financial Information (TPP17-06). Any changes to the pro-forma financial statements must be endorsed by the Ministry of Health. Refer to the NSW Health Accounting Policy Manual which provides guidance on the preparation and presentation of its financial information and performance to ensure compliance with the *Government Sector Finance Act 2018* and the *Government Sector Finance Regulation 2018*.

3.2. Budgeting, Forecasting & EIPs

It is a Condition of Subsidy that:

- PHEs must submit all required returns and lodgements as per:
  - **Table 2: Annual Requirements – Budgeting, Forecasting and EIP**
  - **Table 6: Monthly Requirements**
  - **Table 8: Monthly Requirements – Forecasting.**
- budget allocated by PHEs for services purchased from NSW Health Pathology, eHealth NSW and HealthShare NSW agree with the volume and pricing advice provided by these entities (and, therefore, with the budgets allocated to PHEs for this purpose).
- LHDs/SHNs publish the following on its external website and notice boards no later than the date stipulated by the Secretary of NSW Health in the letter that accompanies the issued Service Agreement:
  - executed annual Service Agreement (signed by the Chair of the Board and the Secretary of NSW Health)
  - final Budget Schedule
  - Service Agreement Data Supplement documents.

Non-government organisation ('NGO') budgets will be escalated by 5.75%.

NSW Health receives growth funding each year from NSW Treasury that is used to fund:

- system escalation
- activity growth
- new initiatives and election commitments.

3.2.1. Initial Funding Allocation Guidance

For LHDs and SHNs, the Initial Funding Allocation Schedule advises the initial expenditure and revenue budgets (inclusive of Government Grants). No other variations to revenue or expense budgets are permitted. For PHEs, expenditure, revenue, and budgets are advised in the Budget Schedule of the Service Agreement.

In preparing an annual budget, PHEs should ensure appropriate consideration to balance sheet movements, such as:

- salary and wages accrual
- accumulated depreciation
- loan repayments, as per schedules
- lease liabilities, as per schedules
- public private partnership liabilities, as per schedules
- prepayments, long term only and as per schedules
- income in advance, long term only and as per schedules
- any other relevant working capital movements.

Only salary and wages accrual and accumulated depreciation budgets are annualised. Budget for general fund cash at bank should reflect zero cash buffer only and have no net movement.

3.2.2. Budget Variations

The initial expense and revenue budgets are subject to variation only through supplementations or other directives approved by the Ministry of Health or through line-item adjustments initiated by reporting entities.

An outstanding supplementation may be entered into BTS by the PHE when there is an approved budget variation that has yet to be transacted in BTS. The Ministry of Health will review the outstanding supplementations monthly for appropriateness and request the PHE to remove any unapproved supplementations. Once the budget variation is formally processed by the Ministry of Health in the BTS, the outstanding supplementation must be reversed. Under no circumstances should an outstanding supplementation which increases or decreases the approved 2023-24 budget be entered into the BTS without formal Ministry of Health approval. All outstanding supplementations are required to balance to zero by total or be removed from BTS on 30 June of each year.

Subsequent balance sheet movements will be assessed by the Ministry's Funds Management and Reporting Systems team as required, for example:

Asset	Assessment Details
Cash at Bank	General Fund – only for cash buffer adjustments. Restricted Financial Assets – movement in expected closing balances.
Debtors	Will be reviewed at the end of the financial year. Any approved budget movements will be reversed the following year.
Inventories	Budget may be provided where the Ministry has approved the increase in inventory holdings.

Asset	Assessment Details
Prepayments	Long term (> 1 year) prepayments need to be provided as a schedule and included as part of the forward estimates. Material movements between financial years may receive budget, with the budget reversed in the following year.
Accumulated Depreciation	Will be reviewed during the year by the Ministry's Financial Accounting Team.
Capital Programs	Will be reviewed during the year by the Ministry's Treasury & Capital Reporting Team.
Assets - Lease	For new leases, a budget will be provided at the end of each quarter.

3.2.3. Budget Administration

Budgets and expenditure and revenue forecasts must be recorded in SMRS within cost centres using relevant account codes. Budgets and forecasts are to be phased across months in the year to show expected financial trends. The appropriateness of budget phasing will be monitored through the Monthly Performance Narratives and discussed during NSW Health Performance Framework meetings with PHEs.

3.2.3.1. Account Breakdown for Budget Supplementation to Health Entities

Effective immediately, budget supplementations will no longer be allocated to Health entities under the "Undistributed" account. Budgets will be distributed under a more appropriate weighting to reflect actual health system costs between Salaries and Wages, Goods and Services, and Repairs and Maintenance accounts. This will ensure adequate consideration is made towards the full range of costs PHEs face in program delivery. The default allocation guide is outlined below; however, this may vary based on the relevant program. PHEs will continue to have the autonomy to redistribute amongst accounts as required. Funding allocations should be considered in line with the following distributions:

- Salaries & Wages (including on-costs): 73.0%
- Goods & Services: 23.5%
- Repairs, Maintenance & Replacements: 2.0%
- Intra-health (Shared Services): 1.5%

*On-costs will vary depending on the relevant workforce group, however standard considerations include 11% for Superannuation (increasing to 12% by July 2025), 1.3% for workers compensation, and 1.35% for annual leave loading (Crown employees only).

3.2.3.2. Intra-Health Budgets

PHEs should ensure that intra-health monthly budgets are in line with the 2023-24 IntraHealth budget schedules distributed by the Ministry. Expenditure and revenue budgets are each consolidated across the state and reported at the state level. Therefore, PHEs must ensure line-item transfers remain within gross expense and revenue limits and changes between budget expense and revenue budget classes do not occur without prior written approval from the Ministry of Health.

Intra-health changes to budgets must follow the same rules for actual intra-health transactions using the one-for-one mapping or same account with the other party to the change. Intra-health charges and revenues must be eliminated on consolidation across NSW Health; therefore, it is required that any changes are reflected in the budgets of both parties to the change.

3.2.4. Capital Asset Charge

The Capital Asset Charge:

- ensures that prices for goods and services produced by PHEs reflect the full costs of production

- allows comparison of the costs of output production with those of other producers (whether in the public or private sector)
- creates an incentive for PHEs to make proper use of working capital and to dispose of surplus fixed assets.

Nominated Business Unit entities (specifically, NSW Health Pathology, HealthShare and eHealth) incorporate a charge for capital assets in their pricing methodologies as part of their business model. This capital charge applies to all customers (including LHDs and SHNs, all NSW Health entities and other organisations external to NSW Health). In such cases, they are to establish and maintain designated RFA Funds for the purpose of accumulating such component charges annually, as a source of funds for future capital purchases and renewal.

Any funds accumulated in these RFA cost centres and held as cash at bank must reconcile to the charging methodology, as well as the relevant billing records. Additionally, the Business Units must provide a forward (three year) capital budget forecast that aligns with estimated use of locally funded initiative capital programs.

The eHealth CAC operates specifically as follows:

PHEs are required to contribute the CAC to the RFA Fund managed by eHealth NSW. eHealth will send an annual invoice to PHEs for this charge, covering the entire fiscal year allocation.

The CAC amount is determined as 0.17% of the budgeted written down value of PHEs' controlled non-current physical assets, excluding exempt assets as listed in the CAC Circular from eHealth NSW.

Each year, eHealth NSW will propose a CAC rate for the next fiscal year to the Ministry of Health, based on the latest inflation and interest rate forecasts.

The CAC Circular undergoes periodic review by Deputy Secretary Financial Services and Asset Management and Chief Financial Officer, NSW Health and the Chief Executive, eHealth NSW.

Capital-intensive PHEs must demonstrate efficient input usage in output production before the Ministry of Health will support a business case for reduced capital charges. This requires evidence of efficient input usage.

PHEs with Memorandum Accounts must provide their account balances to eHealth NSW as of June 30th, enabling adjustments to their CAC invoices for accumulated surpluses and deficits.

eHealth NSW will conduct compliance checks on PHEs, in alignment with RFA Fund conditions and directions from the Secretary of NSW Health. Failure to meet requirements may result in additional CAC levies, determined by key officials from NSW Health and eHealth NSW.

3.2.1. Forecasting

As outlined in:

- **Table 2: Annual Requirements – Budgeting, Forecasting and EIP**
- **Table 6: Monthly Requirements**
- **Table 8: Monthly Requirements – Forecasting.**

PHEs must review their monthly financial results and provide considered forecasts (expenditure, own source revenue and balance sheet) at an appropriate fund entity or cost centre level. This ensures true transparency and accountability for managers. This disaggregated monthly review will ensure appropriate insights are gained to complete the Monthly Performance Narrative (see **3.7.1.1 Monthly Performance Narratives**). It is expected that budgets and forecasts reflect cyclical and seasonal trends with respect to the delivery of most health programs.

In line with **Table 2: Annual Requirements – Budgeting, Forecasting and EIP,** PHEs are required to submit and certify the full year FY24 forecast at the end of March 2024 for purposes of NSW Treasury reporting. This requirement is to ensure that an appropriate level of governance is operating at the PHE to minimise any forecast variances at the end of the financial year and ensure variances are appropriately managed.

Aggregated FY24 forecasts are provided to NSW Treasury and are subject to review. Any revisions may be necessary as notified by Ministry of Health.

3.2.2. Efficiency Improvement Plans

As outlined in **Table 6: Monthly Requirements – Monthly Performance Narratives**, PHEs, in partnership with the Ministry's Efficiency Improvement and Support team and Financial Services and Asset Management Division, are required to develop efficiency improvement plans (EIPs). These plans assist Health entities to manage cost pressures and balance operational needs whilst meeting Service Agreement obligations on an annual basis.

This plan represents the value of all saving measures required to deliver all service requirements. This should account for:

- any underlying deficits carried forward from 2023-24
- efficiency dividends
- the impact of the marginal price
- operational costs outside the budget envelope
- any activity benefits (as per Budget Schedule)
- strategic investment plans while achieving budget performance.

The plan is broken down into individual strategies, each of which focuses on improvements or savings in one on one of the following three areas:

- revenue
- expenses
- productivity.

Revenue improvement requirements are identified in the Budget Schedule of the annual Service Agreement. Please also refer to **Table 4: Annual Requirements – Revenue.**

Strategies to address expenses may include improved management of staff and rosters as well as direct savings from procurement and other initiatives.

These strategies are to be documented as roadmaps (EIPs) using the Rigorous Program Management (RPM) methodology and submitted through the KEY software in the provided Excel templates. PHEs are required to monitor and report on the progress of these strategies as part of their monthly financial reporting processes.

To ensure that the EIST has complete visibility and can step in to assist, the PHEs are obligated to update these strategies in KEY if there are any financial or non-financial changes as part of their monthly reporting.

3.3. Capital

It is a Condition of Subsidy that all PHEs submit the returns and certify the requirements as per:

- **Table 3: Annual Requirements – Capital**
- **Table 6: Monthly Requirements – Monthly Performance Narratives.**

All new projects or changes in scope must be reviewed and approved through the NSW Health Facility Planning Process (GL2021_018). The Ministry of Health will not approve requests which seek retrospective approvals for completed new projects or increase in scope which did not follow the Facility Planning Process. It is imperative that all new works/scope variation requests are submitted and approved by Ministry prior to the commencement of future new works or equipment purchases above $250,000. Major works are classified as projects with an estimated total cost of $250,000 or more according to NSW Treasury Circular Budget Controls – Capital Expenditure Authorisation Limits (TC12-20).

3.3.1. Locally Funded Initiatives

Locally funded initiatives exceeding $250,000 are projects which involve the use of locally sourced PHE funds for use on capital works.

The nature of the expenditure for locally funded initiatives may include new or refurbished buildings, fit out, infrastructure or equipment to support local service delivery priorities. PHE funding sources may include bequests, donations, grants, and other Restricted Assets Funds that are held as cash at bank, or, in some cases, proceeds realised from asset sales per the NSW Health Real Property Disposal Policy (PD2012_039).

3.3.2. Minor Works and Equipment

The minor works and equipment program is for new or replacement assets and minor refurbishments with an estimated total cost less than $250,000.

3.3.3. Capital Investment Planning

Capital investment planning meetings will be scheduled with each health entity to discuss local investment planning, forming 'Stage 0' of the NSW Health Facility Planning Process.

As per **Table 3: Annual Requirements – Capital**, PHEs may submit capital investment proposals to the Ministry of Health to be assessed and prioritised against the three strategic alignment tests in the Statewide Investment and Prioritisation Framework. Investment proposals may then be eligible for funding consideration as part of the Ministry's 10 Year Capital Investment Strategic Plan (CISP) submitted annually to NSW in accordance with the budget process.

The Ministry's Strategic Reform and Planning Branch are available to discuss the capital investment planning process and to support the new collaborative planning approach, please email MOH-SCPU@health.nsw.gov.au.

3.3.4. Capital Expenditure Administration

No portion of the capital subsidy may be used for purposes other than the capital project for which the subsidy was paid. The Ministry of Health will only authorise the release of capital subsidy to a PHE where the capital expenditure is correctly coded against a capital project code and the appropriate expenditure general ledger account codes. The value of subsidy released by the Ministry will be determined using year-to-date capital expenditure recorded appropriately in SMRS and will not exceed the total capital subsidy budget available for the project over its lifetime.

Changes to the capital limit creates an opportunity to optimise the greater use of local funds (e.g., RFAs) where it can be demonstrated the PHE has sufficient cash available. Requests to use these funds should be made as per below:

Program Value	Contact
> $10,000	1. MOH-CapitalReporting@health.nsw.gov.au
> $250,000	1. MOH-SCPU@health.nsw.gov.au 2. MOH-CapitalReporting@health.nsw.gov.au

3.4. Asset Management

The Ministry of Health is actively supporting the transition from a reactive to a planned approach for NSW Health routine maintenance. Further guidance regarding future amendments and targets will be advised through various performance updates. The Ministry of Health is progressing the PHEs asset and related service capability uplift as a key focus area as part of the transition approach.

It is a Condition of Subsidy for PHEs that:

- assets are maintained as per statutory requirements and as set out in policy directives and procedure manuals issued by the Minister, the Secretary of NSW Health, and the Ministry of Health
- local Strategic Asset Management Plans (SAMPs) and Asset Management Plans (AMPs) are submitted as outlined in **Table 5: Annual Requirements – Other Annual Obligations**
- other requirements are submitted as outlined in **Table 5: Annual Requirements – Other Annual Obligations**
- on a quarterly basis, capital replacement and renewal expenditure, as a proportion of asset replacement value at 30 June 2024, is greater than or equal to 1.4%. For further information and specific guidance refer to the SLA Key Definitions document issued.
- on an annual basis, asset maintenance expenditure, as a proportion of asset replacement value at 30 June 2024, is greater than or equal 2.15%. For further information and specific guidance refer to the SLA Key Definitions document issued. This is to be supported by an annual asset maintenance expenditure budget and monthly maintenance management program.
- on an annual basis, the total amount of energy use that will be avoided each year represented as a percentage of the total consumption in the baseline year (FY2022/23) is at least 1.5%.[2]

To support the maintenance of assets (including leased assets), it is a Condition of Subsidy for LHDs and SHNs continue to implement the AFM Online software system for asset maintenance in accordance with the Whole of Government Asset Management Policy (TPP 19-07) implementation program being rolled out by NSW Health.

PHEs are responsible for developing, maintaining, and progressively improving their local Strategic Asset Management Plans (SAMPs) and Asset Management Plans (AMPs). SAMPs and AMPs provide input into the development of the NSW Health Agency Strategic Asset Management Plan and Asset Management Plan, including information on current and future capital investment priorities, asset maintenance and asset disposals. The PHE's SAMP and AMP should identify any potential asset gaps, maintenance requirements, critical works, and asset disposals necessary to support the ongoing delivery of services in the PHE and optimising use of local funds.

The PHE's SAMPs and AMPs must be supported by robust and comprehensive service and strategic plans to support the need for capital investment to achieve service development priorities, and proposed changes in the local approach to health care. Importantly there will also be a need to develop the capital investment proposals (see **3.3.3 Capital Investment Planning**) which should:

- reflect the PHE's prioritisation of proposed asset investments
- align with the long term statewide directions in the 20-Year Health Infrastructure Strategy
- clearly describe the benefit of the investment and health outcomes expected
- demonstrate consideration of a range of procurement options, including non-asset solutions.

In accordance with the NSW Health Asset Management objective to 'Embed a statewide information system that acts as the point of truth for asset information', regular updates on the progress of the AFM Online adoption strategy and Health Entity migration status will be provided to the Deputy Secretary, Financial Services and Asset Management and Chief Financial Officer.

Further guidance on certain aspects of asset management is shown below:

[2] Local Health Districts, Sydney Children's Hospitals Network, NSW Ambulance Service, HealthShare, NSW Health Pathology

Leases	Lease data is managed centrally via the mandated statewide Shared Services Lease Data Hub and lease registration within AFM Online. LHDs and SHNs must refer new leases and requests for lease data modification to the Lease Data Hub for action.
SAMPs & AMPs	The Financial Services and Asset Management Division, Health System Strategy and Patient Experience Division are available to provide guidance to individual PHEs in the development of the Strategic Asset Management Plans (SAMPs) and Asset Management Plans (AMPs).
Property	Real property assets which do not support core government service provisions should be disposed of and the unlocked capital put to alternate use with a priority given to maintaining, improving, and extending real property assets that are core to current or future service delivery. The MoH FSAM Strategic Asset Management are available to provide guidance to individual PHEs on the disposal and acquisition of property.
Fleet	The purpose of the inclusion of the performance metric within Table 5: Annual Requirements – Other Annual Obligations is to help reduce the financial burden and optimise the use NSW Health passenger vehicle fleet.
Energy Efficiency Performance Metric Guidance	The purpose of the inclusion of the performance metric within Table 5: Annual Requirements – Other Annual Obligations is to help reduce stationary energy consumption to achieve cost savings and achievement of NSW State's Net Zero targets. To calculate the performance metric, the following should be applied: 1) Determine baseline energy consumption (total grid) electricity, gas, non-automotive LPG) using FY2022-23 data. Convert all figures to a single unit of measurement (watt-hours or joules). Call this Value A. ***Guidance in calculating the baseline will be provided separately by the Ministry of Health.*** 2) Determine the total annual (year one) energy savings for all projects implemented during fiscal year 2024. Convert all figures to a single unit of measurement (watt-hours or joules). Call this Value B. As an illustrative example, if a solar project was completed mid-year, an annualised assessment should be calculated at the end of the fiscal year. 3) Determine what percentage Value B is of Value A. Conversion factors necessary for determining baseline (converting to a single unit of measurement, either watt-hours or joules) can be obtained from the National Greenhouse Accounts Factors, Australian Government, Department of Industry, Science, Industry and Resources. Scope: Local Health Districts, Sydney Children's Hospitals Network, NSW Ambulance, HealthShare NSW, NSW Health Pathology. Strategic Asset Management, Ministry of Health, will provide guidance and a technical document to allow for routine reporting, which includes interim quarterly reports.

3.5. Procurement

It is a Condition of Subsidy that PHEs comply with:

- all requirements of the NSW Government Procurement Policy Framework and PD2022_020 NSW Health (Goods and Services) Procurement Policy, including Memorandum issued by the NSW Health Chief Procurement Officer as an interim measure prior to formal policy change.
- Any required reporting and compliance activity as requested by the Ministry of Health that relates to procurement activity.
- ensuring that purchasing guidelines and procedures are in place to support implementation and use of procurement cards within their organisation
- for PHEs only, key performance metric outlined in **Table 7: Monthly Requirements – Balance Sheet and Other Reporting**
- on a monthly basis the actual YTD procurement savings achieved ($) as a percentage of target YTD procurement savings ($) is equal or greater than 95%. For further information and specific guidance refer to the Service Agreement Key Definitions document

- all procurements (contracts and purchase orders) valued over $150,000 (incl. GST) must be disclosed on the eTenders website, in line with the requirements of the *Government Information (Public Access) Act 2009*.

Any breaches in compliance with NSW Health Procurement Policy (PD2022_020) will need to be reported to the Ministry Strategic Procurement Branch. Additionally, PHEs are required to comply with any of the Directives issued by the Treasurer, NSW Treasury, the Secretary of Health, NSW Health.

Procurement activities need to also comply with the requirements of NSW Government Financial Risk Management Policy (TPP21-14) in particular foreign exchange risk including foreign exchange hedging. These requirements are included in the NSW Health Procurement Policy (PD2022_020) at 8.6 Foreign exchange risks.

3.5.1. Procurement Cards (PCards)

Treasury Circular (TC21-01) mandates that PCards must be adopted, where viable, for transactions up to $10,000 where payments are low value, ad hoc or irregular in nature. The current relevant Directives are:

- Treasury Circular (TC21-01) NSW Payments Digital Reform – Digital Payment Adoption
- Treasury Policy & Guideline (TPP21-02) Use and Management of NSW Govt Purchasing Cards
- NSW Health Policy Determination (PD2022_038) Procurement Cards within NSW Health

Under PD2022_038, Chief Executives of PHEs are responsible for:

- ensuring the adoption of Procurement Cards and Virtual Procurement Cards, for purchase of goods and services up to $10,000
- ensuring that purchasing guidelines and procedures are in place to support implementation and use of PCards within their organisation and that the guidelines and procedures are consistent with the Directive
- determining those roles within the organisation authorised to be issued with a PCard including that the hold appropriate delegation and undertake functions requiring the use of a PCard
- ensuring PCards are used according to the conditions and requirements of the Directive
- developing an annual audit program of PCards in accordance with Section 4.1 of the Directive.

3.5.2. Purchase Order Compliance

It is a requirement that purchase orders be used for the procurement of most goods and services. Compliance with this requirement is monitored by HealthShare NSW and reported monthly for defined services categories. Purchase orders must be coded to the correct GL accounts and ensure that full and accurate information is provided to reflect the procurement undertaken.

Where non purchase order invoices are unavoidable, PHEs must utilise HealthShare's invoice scanning system to load and reroute the invoice in Stafflink to gain the appropriate PHE approvals as per the PHEs delegation manual.

HealthShare may charge PHEs an additional fee per invoice for non purchase order invoices requiring manual processing. Purchase orders are not to be raised against other NSW Health entities, as all inter-entity charges are to be managed via the AGIS system.

Official travel must be undertaken in accordance with the Official travel must be undertaken in accordance with the NSW Health Policy Directive *Official Travel* (PD2016_010). Non-Training, Education and Study Leave (**non-TESL**) travel by Staff Specialists must be undertaken in accordance with the NSW Health Policy Directive *Training, Education and Study Leave (TESL) for Staff Specialists* (PD2019_043).

Travel expenses must be accurately coded to reflect the type of travel undertaken. The relevant overseas travel codes are: **197100** ('Travel Overseas, TESL Travel & Accomm') and **197200** ('Travel Overseas, Non TESL Travel & Accomm').

The overseas non-TESL travel budget is calculated based on each entities' travel requirements and apportioned against available budget. Each Health entity is responsible for appropriate fiscal management of their allocated budget, including developing a travel plan which takes into account essential overseas travel (such as for medical recruitment) before any non-essential overseas travel is approved.

3.6. Cash, Banking, and Liquidity Management

It is a Condition of Subsidy that PHEs must ensure:

- submissions are lodged as per **Table 7: Monthly Requirements – Balance Sheet and Other Reporting**
- PHEs are no longer permitted to pay creditors (including direct debit arrangements) from a local bank account. All creditor payments are to be made from the Central Creditors account, and all employee related payments are to be made from the Central Payroll bank account. Both cental accounts are managed by the HealthShare Shared Services team.
- PHEs authorise the Ministry of Health to request any information with respect to funds held in the name of the PHE for any banking institution they hold funds with, including any financial facilities, as defintied in the *Government Sector Finance Act 2018*.
- all requests for new banking and payment facilities are approved via the delegated approvers as per the Combined Delegations Manual – in particular Miscellaneous *'13.2 Operating Banking Accounts and Transactional Banking Services*'
- all financial arrangements as defined under the *Government Sector Finance Act 2018* must be approved via the Combined Delegations Manual – in particular Finance *'7.32 Entering into Financial Arrangements under the Government Sector Finance Act*' relating to a borrowing, an investment, or a derivative arrangement

3.6.1. Cash Sweeps and Cash Buffer

All cash received by PHEs must pass through the general fund bank accounts unless the Ministry of Health has provided a specific exemption.

In consultation with the PHEs, the Ministry will regularly sweep excess cash from locally held general fund bank accounts. This transfer will be treated as a reduction in recurrent subsidy received and thereby increase the PHEs remaining subsidy available. To ensure accurate cash sweeps and disbursements by the Ministry, PHEs must input accurate cash forecasts, estimates, and projections into the State-wide Cash Forecasting Tool daily and monthly.

Cash buffers related to the General Fund designated bank accounts remain at zero for all PHEs, effective 1 July 2023. Funds must be transferred between general fund bank accounts and other fund type bank accounts promptly after receipt and at least two days prior to each Ministry cash sweep. See **3.6.4 Restricted Financial Assets and Custodial Trust Funds** for further information.

3.6.2. Aged Debtors

As outlined in Section 2, it is a Condition of Subsidy that:

- the patient fees debtor balance greater than 120 days as a percentage of total patient fees debtors is less than 20%
- the sundry debtor balance greater than 120 days as a percentage of total sundry debtors is less than 10%
- recovery of outstanding patient fees must be actioned at 30, 45, and 60 days, using reminder letters and final notices for recovery
- strategies must be put in place to minimise doubtful and bad debts, including adherence to the MoH's policy on securing fees for service and the reporting of debtors' written off to the PHE's Finance and Performance Committee each quarter.

Directors of Finance are responsible for implementing payment processes to support debt recovery and further reduce transaction processing time.

3.6.3. Aged Creditors

Under guidance from NSW Treasury and in line with the NSW Payments Digital Reform Program, all NSW supplier invoices are to be immediately paid where goods have been receipted and purchase orders matched, irrespective of current contracted payment terms.

In addition to the above guidance, as per the Small Business Commissioner's 'Faster Payment Terms Policy' (FPT), registered small business creditors must be paid within five days unless an existing contract or standing offer provides for an alternative time period.

All outgoing payments (including capital related invoices) will be processed and paid daily from HealthShare's central bank accounts for creditors.

As payroll and creditors are paid, these amounts will be treated as a use of recurrent subsidy, reducing the PHEs remaining subsidy available. The value of the capital creditor payments will be recovered from PHE's recurrent subsidy for the month in arrears.

3.6.4. Restricted Financial Assets and Custodial Trust Funds

It is a Condition of Subsidy that:

- PHEs are to ensure that designated restricted funds are held and used in accordance with the specified purpose and period
- cash that has been identified as a RFA has been received in the bank account prior to any expenditure against the related cost centre (i.e. not sitting as a receivable) and used before recurrent funds. This is verified through the Milestone Report/Certification by ensuring there are no overdrawn cost centres.
- balance scorecards for RFAs and CTFs are completed and reviewed quarterly
- PHEs meet the benchmarks outlined in the scorecards.

PHEs should contact the Ministry of Health RFA team at MOH-RestrictedFinancialAssets@health.nsw.gov.au for any specific guidance or assistance. The RFA team can also provide a copy of the current guidance on Restricted Financial Assets and Custodial Trust Funds upon request. PHEs must ensure that effective processes are implemented to monitor and maintain relevant cost centres within eCTRA and identify alternative uses should it become unlikely that remaining funds can be expended on activities related to its initial purpose.

RFAs (other than No. 2 RFAs) that are dormant for more than 36 months are to be updated to include the Chief Executive and Director of Finance as the primary approvers. For cost centres dormant at 1 July 2023 this change should take affect by 30 September 2023 and then ongoing as the need arises. Where the cost centre can no longer apply funds held as per the initial 'conditions of use' and at all times in compliance with the *Dormant Funds Act 1942*, the dormant cost centres should be re-purposed to be applied for other purposes that benefit the PHE.

The Deputy Secretary Financial Services and Asset Management and Chief Financial Officer, NSW Health may approve the establishment of a Restricted Financial Assets Fund by a PHE for a specified purpose other than those detailed above or within the Accounts and Audit Determination. Any request for such funds to be established, must be fully approved prior to any action to establish the fund in eCTRA and before any funds are transferred to a RFA bank account. Where this occurs, PHEs are to ensure that the designated funds are held in accordance with the purpose and period of time specified by the Deputy Secretary Financial Services and Asset Management and Chief Financial Officer, NSW Health.

3.6.5. Capital Funds

Capital subsidy drawdowns will result in the recognition of capital subsidy and a reduction in recurrent subsidy received (increasing the PHE's remaining recurrent subsidy available) and will not result in a physical transfer of cash.

Where the capital funding has been utilised either from an RFA or an external source, PHEs must ensure that these proceeds are transferred to the General Fund bank account and form part of the excess buffer sweep noted above and treated as a reduction in recurrent subsidy received.

3.6.6. Administration

PHEs are required to refer all requests related to operating bank accounts and payment facilities including opening and closing accounts, signatory, Corporate Online administrator changes, or new or changed payment facilities to the central banking function for approval, submission, and liaison with the Contract Banking providers. This must be requested to MOH-Banking@health.nsw.gov.au.

PHEs authorise NSW Treasury Corporation to make available to the Ministry of Health any information with respect to funds held in the name of, or provided to, the PHE for any purpose. This includes any transactional data, financial arrangements, and funds held in the name of the PHE in any investment facility or banking provider. All Health entities must note that Treasury has approved only the Ministry of Health to enter into investments. Therefore, all requests to invest must be made via the Ministry.

To facilitate the automation of forecasting, actual cash, and variance reporting, PHEs are required to utilise the StaffLink Cash Management Module when reconciling their Cash at Bank. Reporting of all reconciled balances for cash at bank will be required to ensure monitoring in compliance with NSW Treasury cash balance reporting. This includes 'restricted' and 'unrestricted' funds. Daily reconciliation of cash at bank transactions are required to ensure payments and banking transactions are up to date and promptly recognised in the accounting system.

All bank accounts, financial accommodation and banking facilities held by PHEs must be categorised in line with NSW Treasury requirements, and in compliance with the *Government Sector Finance Act 2018.*

Where bank accounts are held and managed centrally by HealthShare Shared Services, PHEs must promptly provide any assistance requested to identify, categorise, and reconcile transactions to ensure correct treatment and accounting is maintained.

3.7. Other financial reporting guidance

It is a Condition of Subsidy that all PHEs submit the returns and certify the requirements as per:

- **Table 6: Monthly Requirements – Monthly Performance Narratives**
- **Table 7: Monthly Requirements – Balance Sheet and Other Reporting.**

Explanatory guidance is included within this section to meet these requirements. Additionally, whilst this document discusses the actionable responsibilities and obligations of the PHEs (submissions, and KPIs), there is a list of obligations that outline the review/control responsibility that the CE of each PHE has in the Monthly Milestone Report (see section **3.7.1.2 Milestone Report** for further details).

3.7.1. Monthly performance narratives and milestone report

PHEs are required to submit their monthly results in the form of a Milestone Report and a Monthly Performance Narrative report. These reports have a focus on financial metrics but do include some operational metrics as well where relevant to provide further context on the financial performance of the business.

3.7.1.1. Monthly Performance Narratives

The Monthly Performance Narrative is the PHE's management report detailing the financial performance of the PHE. The narrative report focuses on key 'controllable' areas of the business, primarily split by whether it is own source revenue or expenditure.

PHEs are to explain the Management Report High Level Summary and Full Year Projection variances to budget on a monthly and year to date basis and include commentary where there are significant variances along some activity metrics. See **Appendix D** for the Performance Narrative. As outlined in **Table 6: Monthly Requirements – Monthly Performance Narratives** and as outlined in the annual SLA, it is a Condition of Subsidy that the variance percentage of Actuals versus Budget – General Fund for Expenditure, Own Source Revenue and Net Cost of Service (NCOS) should be on budget or favourable to be considered Performing. For further information refer to the Service Agreement document.

The monthly Capital Narrative is the PHE's management report detailing the performance of the PHE's Capital Program. The report focuses on year-to-date actual capital spend against year-to-date budget and forecast. If there are variances to budget that are greater than 5%, then commentary is required to explain each variance. **See Appendix E** for an example of a monthly Capital Narrative.

3.7.1.2. Milestone Report

Each PHE is required to complete and certify a monthly checklist known as the 'Milestone Report' via Financial Task Manager. The Milestone Report acts as a monthly checklist of required tasks and a management certification by the CE and/or DoF to ensure certain policy requirements and accountabilities are complied with and met. This is expected to be updated and included within *Financial Task Manager* for FY24 or communicated separately.

This is to ensure:

- compliance with relevant NSW Health policy requirements, including but not limited to this Conditions of Subsidy policy document
- consistency in reporting across each of the PHEs
- accountabilities are clearly distinguished between the Health entities and NSW MoH
- certain representations are made by those charged with governance, such as the CE and DoF.

The Milestone Report enables real-time monitoring of financial reporting and statutory compliance of each PHE. The Milestone Report has been enhanced for FY24 to ensure certain mandatory requirements and accountabilities within the Conditions of Subsidy document are complied with.

3.7.1.3. Shared Services Entity Cost Metrics

Each Shared Service Entity is required to report monthly on a range of cost metrics as defined by NSW MoH that examine internal drivers of cost for the Entity along with cost measures that flow to LHDs/SHNs. These cost metrics include prior year performance, monthly results, forecast for current year, covering operating and capital expenditure and will form part of discussion at Service Agreement performance meetings.

3.7.2. Sources of Revenue

The revenue reporting structure for 2023-24 has changed so that Commonwealth contributions under the National Health Funding Agreement are reported by the PHE as own source revenue, instead of as Government Contributions. This includes both Activity Based Funding and block funding.

Further communication on this will be provided by Activity Based Management, Financial Services and Asset Management, Ministry of Health.

3.7.2.1. Own Sources of Revenue

From 2023-24, the Commonwealth contributions for National Health Reform Agreement (NHRA) ABF and block-funded services will be considered an own source of revenue. Refer to the table below for the relevant NHRA components. Own source of revenue also comprises of private and compensable patient fees.

National Health Funding Pool	A funding pool administered by the Commonwealth which collects contributions from all states and Commonwealth. This is used to fund mainly Activity Based Funding (ABF) activity under the *National Health Reform Agreement*. This amount is provided in the annual Service Agreement.
State Managed Fund	Funding contributions from both Commonwealth and NSW for block funded services under the *National Health Reform Agreement.*

It is a Condition of Subsidy that:

- the annual and monthly reporting requirements outlined in **Table 4: Annual Requirements – Revenue** and **Table 9: Monthly Requirements – Revenue** are complied with
- the responsibility of Chief Executive is to ensure that billing practices comply with the laws, policies and other requirements of the NSW and Commonwealth Governments
- receipts of all activities of PHE subject to the provisions of the Accounts and Audit Determination are to be accounted for through the General Fund unless scheduled as Restricted Financial Assets Fund
- PHEs make no payments to visiting medical officers or staff specialists in breach of section 19(2) of the *Health Insurance Act 1973*
- Directors of Finance ensure the LHD or SHN provides a suitable representative to all state-wide Revenue groups and meetings.

LHDs and SHNs are strongly encouraged to fully utilise the tools developed and supported by the Ministry of Health to maximise own source revenue, including the Revenue Portal, the Clinician Billing Portal, and Revenue SharePoint site.

The payment of revenues, such as DVA, MVA, RAS and TACP, will continue to be a non-cash payment to the PHE. The revenue will be recognised in the PHE's accounts with a reduction in recurrent subsidy received (increasing the PHE remaining subsidy available).

Ministry of Health staff may require access to patient billing systems for the purpose of developing and supporting state-wide tools and assisting PHE staff to resolve billing, data and health fund issues arising from time-to-time. Although comprehensive access is required, Ministry of Health staff with access will not be permitted to edit, correct or in any way change any aspect of the system or its data.

3.7.2.2. Government Contributions

PHEs are funded by the Ministry of Health for other out of scope non-ABF services using the following equation, based on full year initial budgets:

Funding = Expenditure – Own Source Revenue ± Balance Sheet Movement

These grants are paid weekly and monthly. All subsidy support paid as Government Grants must be receipted to accounts A425010 (Recurrent) and A425050 (Capital).

3.7.3. Clinical Costing Data (District and Network Return)

LHDs and SHNs are required to submit clinical costing data to the Ministry of Health via the District and Network Return (DNR). The DNR includes patient activity and utilisation data, along with general ledger expenses to calculate hospital costs in a fully absorbed costing model. The full year DNR is required to be audited by local internal audit teams.

The DNR is used to inform the State Efficient Price, the National Efficient Price, and several national data submissions, such as National Hospital Cost Data Collection, Public Hospital Establishment and Health

Expenditure. DNR costing data is also published in the NSW ABM Portal and enables clinical variation analysis.

3.7.4. Taxation and Superannuation

The Ministry of Health provides PHEs with policy directives, tax law interpretation and technical support for all taxation and superannuation issues. The Ministry of Health also provides guidance on management of risk. The Ministry of Health has overarching responsibility to manage taxation and superannuation risk for NSW Health. PHEs have further specific requirements and obligations as part of the monthly Management Certification in FTM. Training manuals and other supporting materials can be found on the NSW Health intranet site.

3.7.5. Leave Entitlement and Allocated Days Off (ADOs)

It is a Condition of Subsidy that:

- PHEs communicate the monetary value of annual leave strategies (agreed with the Ministry of Health's Workforce Planning and Talent Development Branch) to the Ministry of Health's Finance Branch.
- ADO expense as a percentage of total salaries expense does not increase more than 5% monthly.
- Number of employees with greater than three days of ADOs does not increase more than 5% monthly.
- Where the average ADO balance as of 30 June 2023 is greater than three days, the average ADO balance of the employees should show a reduction of at least 10% by 31 December 2023.

Measures must be put in place to continuously reduce excess leave and ADO balances to ensure compliance with NSW Government Policy, the *Annual Holiday Act 1944* and the *Industrial Relations Act 1996*.

Excessive leave entitlements adversely impact the organisation because these are paid at the rate of pay when the leave is taken or paid out, not the time at which it was accrued. It can also have adverse effects on employee wellbeing and productivity.

In completing the requirements relevant to the EIP as outlined in **3.2.5 Efficiency Improvement Plans**, please ensure you submit any annual leave strategies which are relevant and applicable to your PHE. Submission should be included as part of the overall EIP.

3.7.6. Employee On-costs and Administrative Charges

PHEs may recoup employee on-costs related to the secondment of staff in the NSW public sector at the rate of 20.0% of the actual employee related cost. This rate has been determined on the following basis:

- annual leave expense at the rate of 7.7%
- superannuation at the rate of 11.0%
- Workers Compensation at the rate of 1.3%.

Long service leave expense is not to be recovered as it is funded by the Crown finance entity.

PHEs may also levy an administrative charge to recover costs associated with:

- the support of projects and programs funded by the Ministry of Health
- the management of Restricted Financial Assets
- the recouping of seconded employee costs and on-costs.

PHEs are to ensure that the overhead charge is commensurate with the marginal cost of providing the support and is determined in a transparent manner (based upon an estimate of actual effort required). It is also a Condition of Subsidy that:

- The overhead charge applied to RFA is transferred as an expense offset to the General Fund.
- The maximum rate to be applied to recoup overheads is 7.5%.

3.7.7. Compliance With Laws, Regulations and Applicable NSW Treasury Circulars and Directives

It is a Condition of Subsidy that all Health entities are required to comply with the requirements of relevant laws and regulations and with applicable NSW Treasury Circulars and Directives.

PHEs are to ensure that the terms of appointment for employees engaged under Chapter 9 of the *Health Services Act 1997* and visiting practitioners engaged under Chapter 8 of the *Health Services Act 1997* (including remuneration, benefits, conditions and rights of private practice) comply with, and do not exceed, applicable industrial instruments (including awards), policy directives and determinations of the Secretary. Expenditure is not authorised consistent with the meaning of section 5.5 of the *Government Sector Finance Act* 2018 where this directive is not complied with. Non-standard remuneration proposals should be submitted to the Ministry Workplace Relations Branch for approval consistent with Part 3 of Non-Standard Remuneration or Conditions of Employment (PD2018_040).

The Secretary of Health, as the Accountable Authority of all NSW Health entities, has overarching responsibility to ensure compliance and therefore requires Health entities to provide sufficient information, as determined from time to time, to fulfill this responsibility. Health entities are required to submit annual registers (including NIL returns) containing details of all Act of Grace payments and Gifts of government property.

3.7.8. Affiliated Health Organisations

Districts contracted or engaging with Affiliated Organisations (AHO) listed under Schedule 3 of the Health Services Act 1997 are expected to cascade relevant elements of their annual Service Agreement in a consistent, fair and timely manner. This includes expenditure, revenue and NWAU budgets, efficiency improvement initiatives and relevant Service Agreement KPIs and performance thresholds. A principles-based approach to engagement with AHO's needs to be taken within the prevailing contracts and arrangements operating at local level.

3.7.9. Administration of Grants

It is a Condition of Subsidy that PHEs are required to comply with the Treasury Grants Administration Guide (M2022-07), which provides an overview of the grants administration process, overarching principles that apply to all NSW Government grants, and mandatory requirements that must be complied with when administering grants. All grants must have a documented evaluation periodically and prior to renewals.

PHEs are also required to comply with the NSW Health policy directive Disclosure of Contract Information (PD2018_021), which aims to improve compliance with reporting requirements under the *Government Information (Public Access) Act 2009* for contracts with the private sector with a value of $150,000 or more have certain information disclosed. As of 1 July 2023, all PHEs are required to report details of any grant contracts via PORTT. For further information, please contact the MOH-PORTTSupport@health.nsw.gov.au, noting that the support arrangements are planned to transition to HealthShare.

3.7.10. Mental Health Initiative Reporting

It is a Condition of Subsidy that PHEs update their actual spend on specific mental health initiatives in KEY. PHEs are accountable to provide accurate financial reporting and substantiation, in the form of SMRS extracts, as at the end of the quarterly reporting period.

Appendix A – Monthly Management Certification – Financial Task Manager

The following is an extract of the tasks in Monthly Management Certification for 2023-24. For the latest version, refer to the FTM tool.

Frequency	Task
Condition of Subsidy	
Monthly	Ensure all Monthly Management Certifications are submitted
Statutory Reporting and Audit Compliance	
Quarterly (Sep, Dec, Mar, Jun).	The PHE we are responsible for, complies with the requirements of the Accounts and Audit Determination and the Accounting Manual for Public Health Organisations.
Monthly	Information presented to Boards is consistent with the financial information held in SMRS / Corporate Analytics and the financial performance reported to the Ministry of Health.
Monthly	That financial authority is appropriately delegated to budget holders.
Budgeting and Forecast	
Monthly	Budgets and forecasts have been recorded within SMRS within cost centres, using relevant account codes.
Monthly	Monthly financial forecasts (expenditure, own source revenue and balance sheet) have been provided at an appropriate fund entity/cost centre level, based on the 'Minimum Entry Level' account mapping.
Monthly	New cost centres are allocated costing fractions within the ABF costing systems before any actual costs are coded to them.
Monthly	Own source revenue budgets have been accurately projected and variances between budget and actual revenue are minimised.
Annual (March)	Forecasts of revenues and expenses submitted for the YTD position at the end of March is our best estimate of the position expected to occur at the end of June and acknowledge that this information is submitted to Treasury and could be subject to change by the Ministry of Health.
Cash, Banking and Liquidity Management	
Monthly	Bank accounts are not operating in an overdraft position.
Monthly	Compliance with the NSW Government Financial Risk Management Policy in relation to foreign exchange risk.
Monthly	That no payment of creditors or other outgoing amounts have been made from our local bank account other than those permitted under the zero buffer instructions.
Monthly	The StaffLink Cash Management Module has been utilised when reconciling our Cash at Bank.
Aged Debtors	
Monthly	Strategies are put in place to minimise doubtful and bad debts, including adherence to the Ministry of Health's policy on securing fees for service and the reporting of debtors written off to the PHEs Finance and Performance Committee each quarter.
Restricted Financial Assets and Custodial Trust Funds	
Quarterly (Sep, Dec, Mar, Jun).	Balance scorecards for RFAs are reviewed quarterly.
Quarterly (Sep, Dec, Mar, Jun).	Designated restricted funds are held and used in accordance with the specified purpose and period.
Monthly	Restricted funding is maintained in real terms (no overdrawn cash balances) and used before recurrent funds.
Six monthly (Dec, Jun)	Review of dormant RFAs on a 6 monthly basis.
Monthly	Review of overdrawn RFAs on a monthly basis.
Monthly	Restricted Financial Asset (RFA) Fund forecasts and budgets in-year align with forecast income and expenditure held in the eCTRA system.
Other Financial Reporting Guidance	
Monthly	Billing practices comply with the laws, policies and other requirements of the NSW and Commonwealth Governments.
Monthly	No payments to visiting medical officers or staff specialists in breach of section 19(2) of the Health Insurance Act 1973 have been made.
Monthly	Receipts of all activities of PHEs, subject to the provisions of the Accounts and Audit Determination, have been accounted for through the General Fund unless scheduled as Restricted Financial Assets Fund.

Frequency	Task
Annual (Jun)	Ministry of Health's eRoPP system is used by Staff Specialists to undertake their RoPP elections.
Quarterly (Sep, Dec, Mar, Jun).	Calculate and submit the energy efficiency performance metric
Annual (30 Sep)	All cost centres currently enabled do not meet the requirements for deactivation (no transactions in the current or previous financial year, or with 'Do Not Use' or 'Closed' in the description but with transactions in the current or previous financial year).
Twice yearly (Jul, Oct)	Ensure annual Own Source Revenue certification requirements are submitted.
Monthly	Abided by all MoH policy directives, tax law interpretation and technical support for all taxation and superannuation issues.
Monthly	The MoH is immediately advised of any new taxation risk that has been added to the Enterprise Risk Register.
Monthly	The MoH is notified as soon as practicable of all ATO reviews and audits.

Appendix B – Monthly Milestone Checklist 2023-24

Extract of September 2023:

[INSERT NAME OF HEALTH ENTITY] Financial Reporting Milestone Report 2023								
Month	**Sep-23**							
Item	**Milestone**	**SharePoint Guidance Docs**	**Target Date**	**Completed (Y/N/NA)**	**Completed Date**	**Responsible Officer**	**Revised Date (if applicable)**	**Corrective Strategy (If applicable)**
1	Final audit adjustments to Ministry for review		Week before signing					
4	Submit 2022-23 Annual Prudential Compliance Statement (APCS) documents to the Ministry (HNELHD, MLHD, NBMLHD and SESLHD ONLY)		8-Sep-23					
2	LHDs ONLY : Financial Statements are: - Endorsed by Audit and Risk Committee - Certified by Chief Executive Non LHDs (e.g. pillars and HAC divisions) date as agreed with Audit and Ministry.		15-Sep-23					
3	On time Submission to the Ministry of Certification of Financial Statements: - **Signed "Page 2 of Pro Forma":** For Health Entities who have signed off on or before 15 September. - **Signed Certification to Ministry (Appendix I)**: For Health Entities who have not signed off by 15 September	https://nswhealth.sharepoint.com/sites/MOH-FAS/SitePages/Milestone.aspx	15-Sep-23					
5	Audit Office (AO) Signs Audit Opinion for LHDs and HAC Divisions		15-Sep-23					
6	PILLARS ONLY Pillars Financial Statements are certified and audit report provided. Date for Pillars as agreed with Ministry and Audit, but no later than 23 September 2022.		Latest by 23 Sep 2023					
7	Submit to Ministry audited financial statements for publishing on NSW Health Website. Please ensure the following: - You have checked last years attached email request. The ordering of pages will need to be in the exact order as specified in the email. - Before sending, please ensure that the scanned copy is legible - Send all the requested documents in one single email (Appendix L - Annual Financial Statements Format 2022-23)	https://nswhealth.sharepoint.com/sites/MOH-FAS/SitePages/Milestone.aspx	Due date for LHDs and HAC Divisions: 29-Sep Due date for Pillars : 29-Sep					
8	Health entities to provide an email to MOH-HealthFinReporting@health.nsw.gov.au with an update on comprehensive revaluation progress for 2023-24.		29-Sep-23					

Prepared by: [Insert name and sign above]
[Position]
Date ……/……/……

Reviewed by: [Insert name and sign above]
Director of Finance
Date ……/……/……

Appendix C – RFA and CTF Balance Scorecard Examples 2023-24

HEALTH ENTITY: Statewide

RFA BALANCE SHEET DASHBOARD

Account code description	Balanced sheet description	Benchmark	June 2022	January 2023	Change	Remarks
RFA CLOSING BALANCE	Net Assets				0	Available balance in ledger

RFA BALANCE SHEET METRICS			June 2022	January 2023	Remarks
Current ratio	Current Assets / Current Liabilities	>2.00			
Working capital	Current Assets - Current Liabilities	+ve			If -ve, using GF
Liquid assets	Current Assets / Total assets	>85.00%			
Cash in RFA	Cash / Net Assets	>90.00%			Cash in 'RFA available balance'
% Committed cash	Total liabilities / Total cash	<100%			Short term ability to pay liabilities with cash
Debt equity ratio	Total liabilities / Net assets	<0.5			RFA gearing

HEALTH ENTITY: Statewide

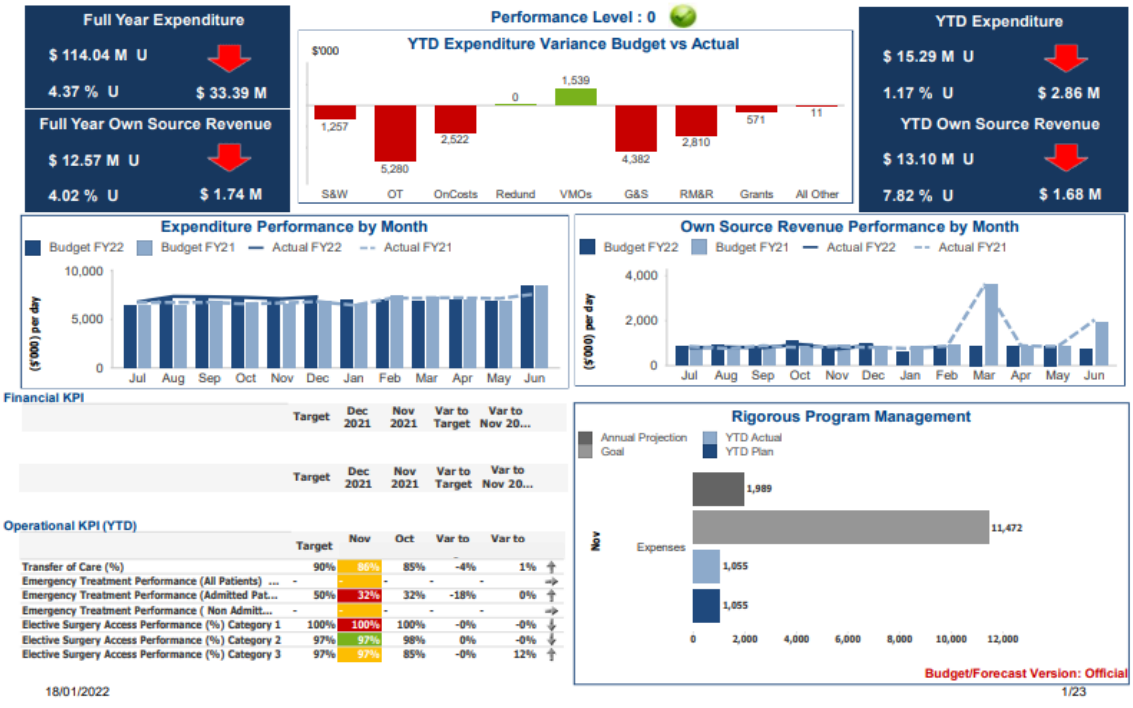
CTF BALANCE SHEET SCORECARD

Account code description	Balanced sheet description	Benchmark	June 2022	January 2023	Change	Remarks
CTF CLOSING BALANCE	Net Assets	$			0	Available balance in ledger

CTF BALANCE SHEET METRICS			June 2022	January 2023
Current ratio	Current Assets / Current Liabilities	>2.00		
Working capital	Current Assets - Current Liabilities	+ve		
Liquid assets	Current Assets / Total assets	>90.00%		
Cash in CTF	Cash / Net Assets	>90.00%		
Debt equity ratio	Total liabilities / Net assets	0		

Appendix D – Monthly Performance Management Report: High Level Summary & Full Year Projection 2023-24

GF DASHBOARD



SIGN OFF

NARRATIVE - SIGN OFF

Certification of Waiting List Data
I certify the accuracy of the waiting list data contained in WLCOS. The waiting list data has been prepared in accordance with Policy Directive PD2012_011 dated 1 February 2012 "Waiting Time Elective Surgery Policy".

Certification of Australian Taxation Office - PAYG and GST Compliance Obligations
I certify that the ATO payments due for the current month have been made in accordance with ATO timeframes.

Certification Financial Result in SMRT
I certify that this Narrative is reflective of the summary and detailed information contained in SMRT and that SMRT 'Official' for the month and YTD is truly reflective of the Health Entity's YTD costs, budgeting and full year forecasts and agrees to the information provided to the Finance Committee.

Subsidy Sign Off
I certify that Government Grants (Subsidy) recorded in the general ledger agree to the Government Grant (Subsidy) Cash Payment sheets this month and to local receipt of funds.

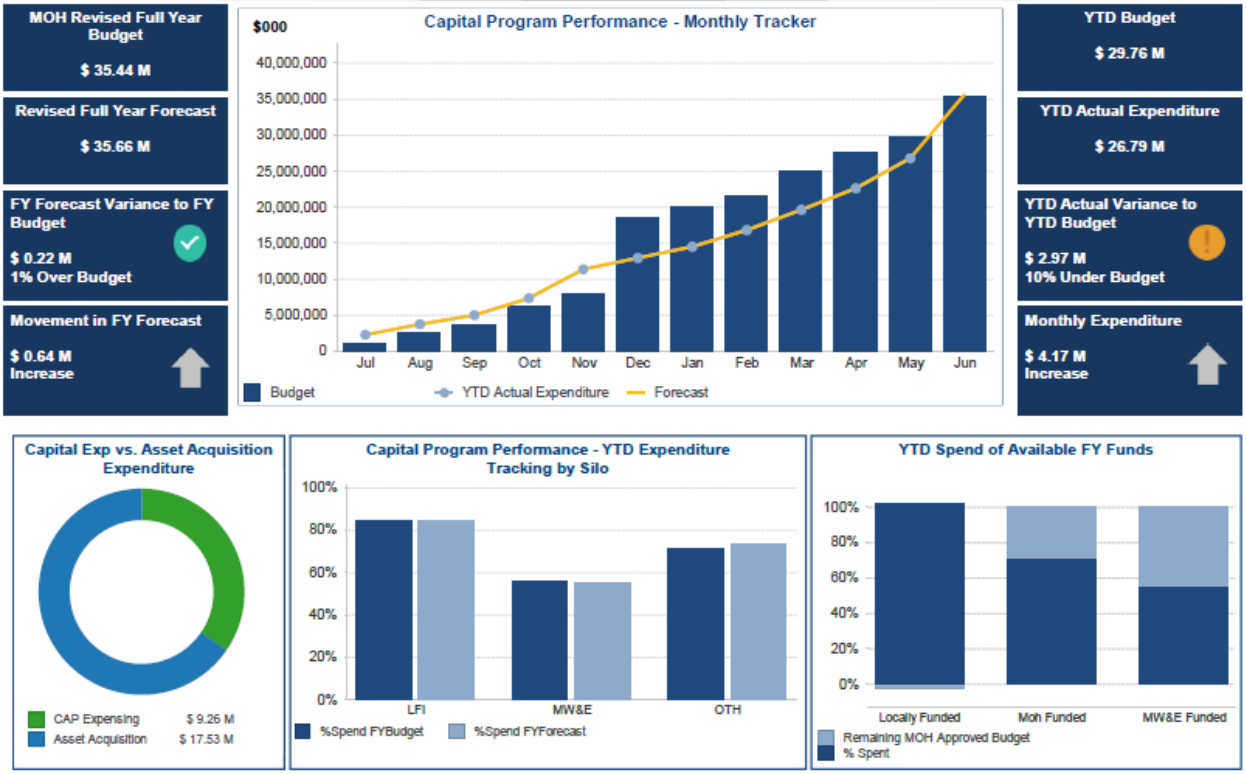
Narrative prepared : _____ Date: _____

Narrative signed off : _____ Date: _____

Narrative signed off : _____ Date: _____

Appendix E – Monthly Capital Narrative Example 2023-24

CAPITAL DASHBOARD



Capital Narrative – Sign off

CAPITAL NARRATIVE – SIGN OFF

Certification of Appropriate Purchasing Approvals

I certify that all capital purchases resulting in an asset form part of a Ministry approved capital project and are coded to the appropriate "P5" capital project code and capital expenditure general ledger account codes.

Certification Capital Data in SMRT

I certify that this Capital Narrative is reflective of the summary and detailed information contained in SMRT, and that SMRT 'Official' and YTD for the month is truly reflective of the Health Entity's YTD costs, budgeting and full year forecasts. I also agree for the information in this Narrative to be provided to the Ministry of Health Finance, Risk and Performance Management Committee, Minister of Health and NSW Treasury.

Narrative Prepared:_____ Date:
Position:

Narrative Reviewed:_____ Date:
Position:

Narrative signed off:_____ Date:
Position: Director of Finance

Appendix F – Certification of Forecast Accuracy example

Please note this this will not be updated until March 2024 and as such the 2022-2023 example is included as an example.

Chief Executive / Director of Finance Certification of the Accuracy of 2022-23 Forecasts

I have reviewed the <*entity name*>'s 2022-23 Forecasts and certify that, to the best of my knowledge:

- These present, in all material respects, the best estimates of the financial position and financial full year performance for the year 2022-23 of < *entity name* >. Please refer to the attached guidelines when completing your full year forecast.
- All assumptions used by <*entity name*> to prepare these Forecasts are reasonable, internally consistent, based on the best available information and have been applied consistently and reflect advised budget supplementations.
- I have ensured that there is an effective system of internal control over the financial and related operations of < *entity name* >.
- The statements made above are based on a sound system of risk management and internal compliance with controls which are operating effectively in all material respects.

_____ _____

Signature of Director of Finance Date

_____ _____

Signature of Chief Executive Date

Appendix G – 2023-24 Budget Notice Template

Insert LHD Logo here

xxx District/Hospital

The following information is provided in respect to the budget and activity requirements for the financial year 2023-2024. The budget represents the initial allocation and may be subject to change as the year progresses.

2023-2024 BUDGET ALLOCATION

INITIAL BUDGET ALLOCATION FINANCIAL YEAR 2023-2024

	('000)
Acute Admitted Emergency Department Sub-Acute Services Non Admitted Services - Incl Dental Services Mental Health - Admitted (Acute and Sub-Acute) Mental Health - Non Admitted	$0
Provision for Specific Initiatives	$0
Restricted Financial Asset Expenses	$0
Depreciation (General Funds only)	$0
Total Expenses	**$0**
Revenue	$0
Net Result	**$0**
State Efficient Price	$0

ACTIVITY TARGETS 2023-2024

	Target Volume (NWAU23)
Acute Admitted	0
Emergency Department	0
Sub-Acute Services	0
Non Admitted Services - Incl Dental Services	0
Mental Health - Admitted (Acute and Sub-Acute)	0
Mental Health - Non Admitted	0
Total	**0**

FTE BUDGET 2023-2024	

Appendix H – 2023-24 Expense Budget Template

Local Health District/Network XX XX XX	Expense Budget[1] Service Agreement Budget Schedule issued September 2023			
	2023/24 Annualised Budget ($'000)	2023/24 Initial Budget ($'000)	Growth ($'000)	Growth (%)
Local Health District/Network *Enter name of facility in alphabetical order*				
TOTAL[2]				

[1] *Expenses are inclusive of escalation, cost efficiency & increased activity for hospital admitted and non-admitted services.*

[2] *The total Expense Budget amounts to be included are as per Budget Schedule*