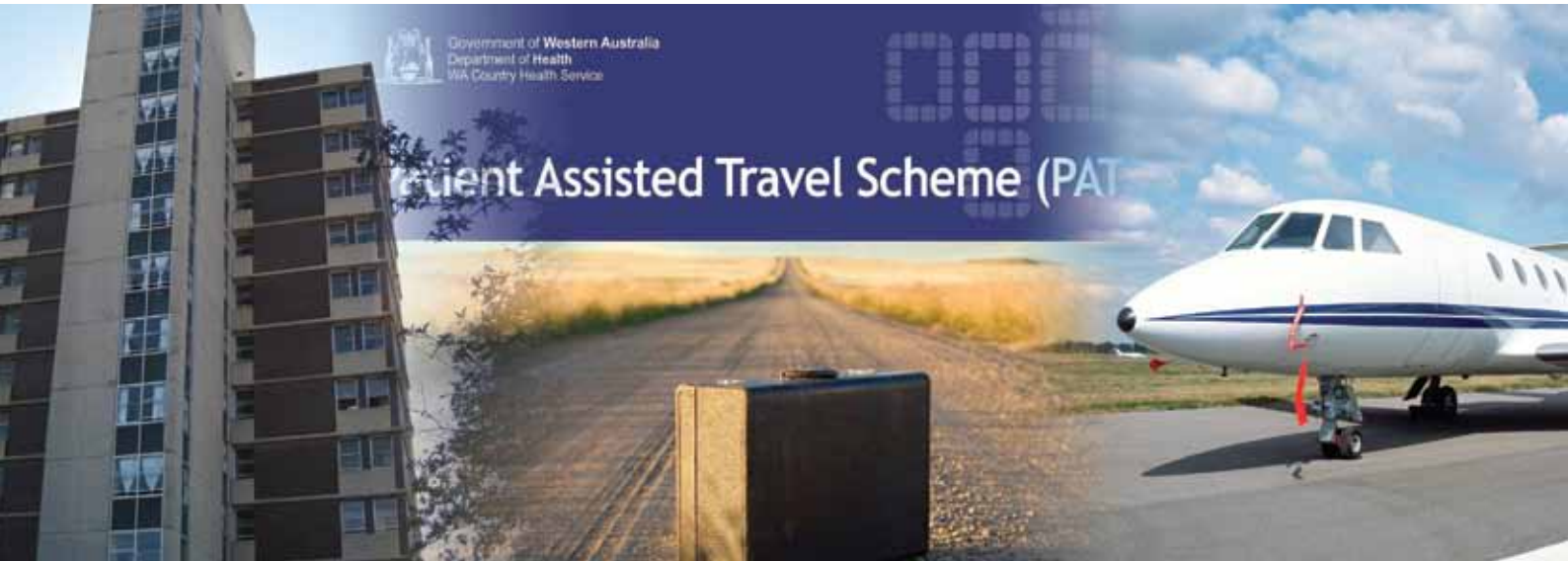
Western Australian Auditor General's Report

Administration of the Patient Assisted Travel Scheme

Report 9 – June 2013



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WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Administration of the Patient Assisted Travel Scheme

Report 9
June 2013

THE PRESIDENT
LEGISLATIVE COUNCIL

THE SPEAKER
LEGISLATIVE ASSEMBLY

ADMINISTRATION OF THE PATIENT ASSISTED TRAVEL SCHEME

This report has been prepared for submission to Parliament under the provisions of section 25 of the *Auditor General Act 2006*.

Performance audits are an integral part of the overall audit program. They seek to provide Parliament with assessments of the effectiveness and efficiency of public sector programs and activities, and identify opportunities for improved performance.

The information provided through this approach will, I am sure, assist Parliament in better evaluating agency performance and enhance parliamentary decision-making to the benefit of all Western Australians.

COLIN MURPHY
AUDITOR GENERAL
26 June 2013

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Auditor General's Overview

In a state with a population as widespread as Western Australia, it is not feasible to provide all the specialist medical services people might need, close to where they live. Instead, the Government provides subsidies to help patients and carers travel when specialist services are not locally available. Subsidies are provided through the Patient Assisted Travel Scheme, administered by the Department of Health.

This audit examined the Department of Health's administration of the Patient Assisted Travel Scheme. We looked to see whether the Department was applying appropriate standards of governance to ensure accountability, transparency and fair and equitable customer service.

There has been a significant increase in demand for the scheme in the last three years. The number of subsidised trips has increased 43 per cent from 55 110 to 78 772 per year. Over the same period, the cost of subsidies has increased 78 per cent from $19 million to $34 million per year.

The Department has implemented a new electronic system to help streamline the application and assessment processes to meet the increased demand for the scheme. However in doing so, they have missed some opportunities to implement more robust assessment and approvals processes. While the scheme is being appropriately administered by the Department, some processes need to be strengthened to minimise the risk of inappropriate payments being made.

Executive Summary

Overview

The Patient Assisted Travel Scheme (PATS) serves the 629 000 permanent residents of regional Western Australia by providing financial assistance to help them travel to specialist medical services not available where they live. PATS subsidises the cost of transport and accommodation. Assistance to patients ranges from a few to many thousands of dollars.

PATS is administered by the Department of Health (the Department). In 2011-12, the Department provided $34 million in assistance to an estimated 40 000 patients. This is expected to rise to $55.6 million in 2016-17. Subsidies covered 78 772 trips to a range of services including orthopaedic and general surgery, oncology, ophthalmology, cardiology and dialysis. The cost of administering PATS in 2011-12 was $5.9 million.

For someone to receive a PATS subsidy, they must be:

- a permanent resident of either a WA Country Health Service region or the Peel region
- eligible for Medicare
- referred by a PATS eligible referrer, usually a general practitioner
- attending appointments with eligible specialty services nearest to where they live
- having to travel more than 70 kilometres for cancer treatment or dialysis, or more than 100 kilometres for other services.

We examined how well the Department managed the Patient Assisted Travel Scheme. In particular we assessed whether the Department administered PATS in line with the PATS Policy and good practice and whether it provided good customer service.

Conclusion

The demand for and associated costs of the Patient Assisted Travel Scheme have risen significantly over the last three years.

Some aspects of the scheme were managed well. The Department of Health generally paid patients the correct subsidies for their assessed eligibility. However processes for assessing eligibility and controls over which staff can make decisions and approve payments need to be improved.

Significant changes to eligibility criteria, subsidy rates and overall administration of the scheme in recent years have not led to the Department re-assessing risks or implementing more effective controls. In some areas administrative oversight has effectively been weakened. This increases the risk that incorrect payments or payments to ineligible persons will be made, and reduces the Department's ability to effectively manage the scheme.

Key Findings

Changes to PATS eligibility criteria and subsidy rates in 2008-09 contributed to significant increases in demand and costs. In the last three years, the number of subsidised trips grew 43 per cent from 55 110 to 78 772 per year. Over the same period, subsidies grew 78 per cent from $19 million to $34 million per year.

The Department was managing some aspects of the scheme well. We found:

- the Department assessed applications against eligibility criteria and generally made payments according to policy. The correct processes were followed for different types of trips
- the Department provided good customer service. Accurate and necessary information about PATS was available to patients and referrers to enable them to understand and make applications for assistance. Decisions and payments appeared timely although poor records made this difficult to assess.

Other aspects of the Department's administration of the scheme could be improved. Specifically:

- processes for checking eligibility could be strengthened. Staff rely solely on declarations provided by patients and referrers to assess eligibility. They do not check Medicare or provider numbers, or whether patients are receiving other benefits that would make them ineligible for PATS, and do not ask for supporting information to ensure patients are eligible. In one third of the cases we tested we found required information was missing from application forms although declarations were signed
- controls over payments authorised by the new PATS database could be improved. There is not a direct interface between the two systems authorising and making payments. This creates a risk to data integrity
- information about the complaints process could be clearer. Patients are referred to Department policy documents. However the policy documents do not clearly advise patients who they should contact.

A number of the control weaknesses we identified have either arisen or been exacerbated by the introduction of the new PATS database in late 2012. In particular:

- there is currently no control to ensure staff who make assessments and decisions have the delegated authority to do so
- the same person can receive, assess and approve applications, make and approve travel arrangements and authorise payments to patients. We found this happening at a number of sites visited. Without segregation of duties there is an increased risk of ineligible or incorrect payments
- we also found decisions relating to approvals were not properly recorded in hard copy records and the new database
- we were unable to find some documents that in our view would constitute a record under the *State Records Act 2000*
- potential conflicts of interest were not recorded. Conflicts of interest arise where staff or family members apply for assistance under the scheme. There is an increased risk of this occurring in smaller regional centres. Staff advised that this situation had occurred on a number of occasions in recent years.

The Department has missed opportunities to assess risks and implement more effective controls for administering the scheme. There were significant changes to the PATS eligibility criteria and subsidy rates in 2008-09. Around the same time, the Department began to develop a new database for the administration of PATS. This went live in December 2012. Despite these changes, the Department did not conduct a formal risk assessment to determine whether existing administrative controls should be strengthened or if new controls were warranted. Our audit identified a number of control weaknesses as outlined above. While these weaknesses remain there is an increased risk that errors or unauthorised or fraudulent activities will go undetected.

What Should Be Done?

The Department of Health should:

- conduct a formal risk assessment and consider the risks of fraud, misconduct and potential conflicts of interest before further changes are made to the Patient Assisted Travel Scheme and the way it is administered. Controls should be improved where necessary to mitigate identified risks
- ensure that decisions to approve Patient Assisted Travel Scheme subsidies are made according to the current delegation schedule and are properly recorded and signed

- ensure that adequate records of key decisions are maintained to comply with the financial delegation schedule and the *State Records Act 2000*
- ensure that the business rules clearly prohibit variation in the subsidy rates prescribed in the Patient Assisted Travel Scheme policy
- ensure that conflicts of interest and the actions taken to manage them are properly recorded.

Agency Response

The Department of Health, on behalf of the state public health sector, accepts the findings and, noting that appropriate action has already been taken to address many of the issues, supports the recommendations made by the Auditor General.

Background

The Patient Assisted Travel Scheme (PATS) helps permanent country residents travel to eligible medical specialist services not available to them locally. PATS provides subsidies for travel and accommodation costs within Western Australia. Apart from commercial air and surface travel, where strict eligibility criteria apply, subsidies (Figure 1) are not meant to meet all the patient's travel costs.

Travel component	Subsidy
Travel by private vehicle	16 cents per kilometre
Road travel for cancer treatment or dialysis	$20 per return trip
Private accommodation	$20 per night
Private accommodation with an approved escort	$40 per night
Travel by air, bus or train	Full cost of fares
Commercial accommodation	Up to $60 per night
Commercial accommodation with an approved escort	$75 per night

Source: Patient Assisted Travel Scheme Policy, September 2009

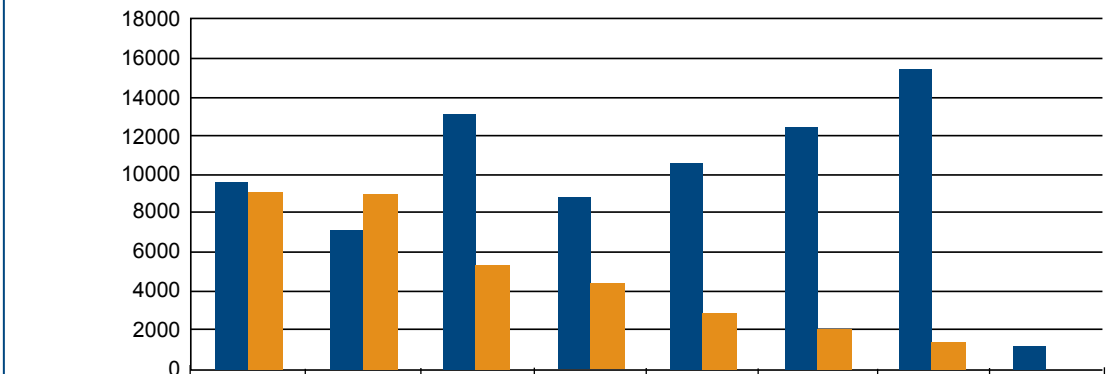
Figure 1: Basic subsidy rates for PATS

In 2008-09, Cabinet directed some Royalties for Regions funds to PATS so that subsidy rates could be raised, personal contributions by non-concession card holders removed and assistance for patients undergoing cancer treatment increased. Since then, annual subsidies have increased from $19 million to $34 million. In 2011-12, 78 772 trips were subsidised.

Not all subsidy payments went to patients. Generally the Department paid commercial transport and accommodation providers direct, although patients were paid if they met their own costs. In the audit period, an estimated 51 per cent of total payments were made directly to patients. The remainder went to providers through payment cards (19 per cent), purchase orders (17 per cent) and fuel cards given to patients to cover the allowance for travel by car (13 per cent).

The number of subsidised trips in each region varies according to the number of people needing specialist treatment and the availability of local services. In 2011-12 (Figure 2) more trips were subsidised for residents in the Wheatbelt, Midwest and South West than the other regions. Apart from Peel, these are the most populous regions. Peel residents can access locally available specialist services more readily.

Costs are not directly proportional to the number of trips because of variations in the subsidies paid related to accessing services from remote areas. Most trips in the Kimberley and Pilbara are by air rather than by private car and patients often require accommodation because of long flights and difficulties with connections. Costs in these regions are higher.



	Pilbara	Kimberley	Midwest	Goldfields	Great Southern	South West	Wheatbelt	Peel
Number of trips	9 676	7 251	13 167	8 832	10 689	12 444	15 413	1 300
Cost ($'000)	9 056	8 986	5 383	4 416	2 862	2 058	1 392	41

Source: Department of Health

Figure 2: Number of trips and subsidies paid by region, 2011-12

PATS is administered through the Department's WA Country Health Service (WACHS) and South Metropolitan Area Health Service. Administration of PATS is decentralised, with one or more offices in each region to respond to patients and process applications. Decisions about who is eligible and what subsidies will be paid are guided by aligned policies in the two health services (the Policy) and a common set of business rules set out in the PATS User Manual (the Manual).

What Did We Do?

Our objective was to determine whether the Department of Health manages the Patient Assisted Travel Scheme well.

Specifically we asked:

- Does the Department of Health administer the Patient Assisted Travel Scheme in line with policy and good practice?
- Does the Department of Health provide good customer service in administering the Patient Assisted Travel Scheme?

We interviewed staff, examined documents and analysed data provided by the Department and extracted from the PATS database. We conducted phone interviews with representatives from six regional District Health Advisory Councils and obtained information from the Health Consumers' Council.

We reviewed local procedures and examined records at four PATS offices. They were:

- Kununurra in the Kimberley
- Carnarvon in the Midwest
- Peel
- South West call centre.

Site selection was based on a risk assessment that considered, for all regions:

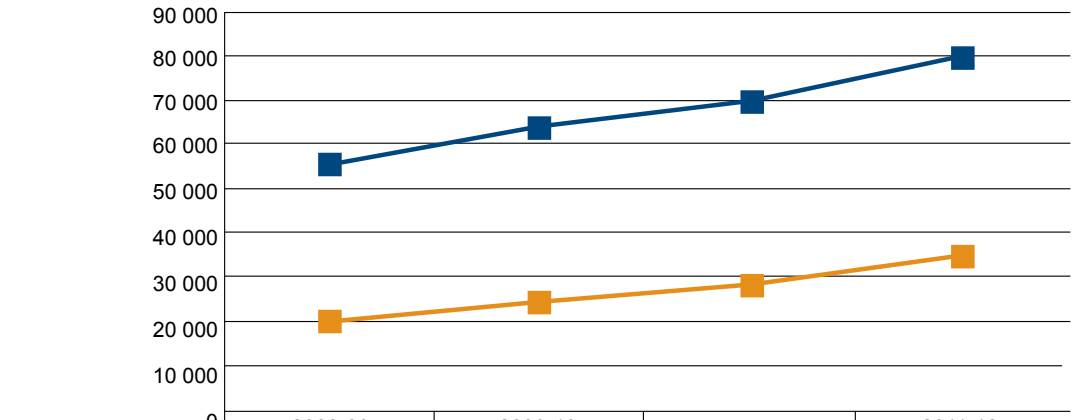
- the annual dollar value of PATS subsidies
- devolution of decision-making and level of local monitoring
- staff turnover
- patient characteristics.

The audit was conducted in accordance with Australian Auditing and Assurance Standards.

What Did We Find?

Changes to PATS eligibility criteria and subsidy rates in 2008-09 contributed to significant increases in demand and costs

Since 2008-09, the number of subsidised trips has grown 43 per cent, from 55 110 to 78 772. The cost of subsidies grew 78 per cent, from $19 million to $34 million. (Figure 3.) The expected cost for 2012-13 is $37 million. Eligibility criteria and subsidy rates were changed in 2008-09. This led to increased demand for PATS and increased costs.



	2008-09	2009-10	2010-11	2011-12
Number of trips	55 110	63 276	69 772	78 772
Total cost of subsidies paid $'000	19 220	24 354	28 094	34 194

Source: Department of Health

Figure 3: Number of trips and cost of subsidies paid between 2008-09 and 2011-12

Changes to eligibility criteria and subsidy rates made in 2008-09 were:

- non-concession card holders were eligible to apply for PATS at the same rates as concession card holders. Previously they did not receive the full subsidy. The Department advised this has been one of the drivers of increased demand
- the fuel subsidy was raised from 13 to 16 cents per kilometre
- the subsidy for commercial accommodation was raised from $35 to $60 per night. At the same time people in Northam and York became eligible for accommodation subsidies

- support was provided for carers to travel with aged, disabled and cancer patients. These escorts became eligible for similar subsidies
- patients undergoing cancer treatment were automatically eligible for air travel and an escort if the corresponding car trip was more than 350 kilometres by road and a commercial air service was available.

There is no funding limit applied to PATS. Total costs are controlled by setting eligibility criteria and subsidy rates.

Demand for PATS depends on the number of country people needing services and the availability of those services locally. Since 2008, there has been a 10 per cent population increase in the regional areas of Western Australia eligible for the scheme. In 2011 the total regional population, including Peel, was 629 000. In 2011-12, an estimated 40 000 people in regional areas were diagnosed with diabetes, 37 000 with cancer, and 36 000 with a heart condition. While not all these people require access to the scheme, the figures provide an indication of potential demand.

In providing specialist services for these and other conditions, the Department must balance the likely demand, cost and availability of resources. As well as permanent services, the Department provides access to specialist care through Telehealth centres and visiting specialists. If such access is available locally, patients are not eligible for PATS. Patients may want to see a specialist who is not the closest to where they live. This is their choice, but they will not be eligible for PATS.

Most subsidies are limited by the Policy, but if there is a medical reason for patients to travel by air, the full cost of the fares is paid. This also results in pressure on costs.

The Department was managing some aspects of the scheme well

PATS subsidy payments were made according to the Policy and business rules

We found the Department had assessed applications against the eligibility criteria for all of the approved applications we reviewed. When assessing applications and approving subsidies, staff in the sites visited followed the decision rules set out in the Manual and approved most payments in line with the Policy. This ensures PATS funds are allocated as intended and helps ensure equity across the state.

Staff must make a number of assessments and decisions before PATS payments are made (Figure 4). They must assess the eligibility of:

- specialties included in the scheme
- the medical practitioner referring the patient for PATS
- patients and escorts
- planned trips and appointments attended.

These are assessed in turn. Once approval has been given for a patient to attend a particular specialist service, they can apply for further trips to the same specialist or specialty up to a year from the date the PATS application was signed by the referring practitioner. Each trip is assessed separately. The patient's circumstances or needs may change and different subsidies may apply to different trips. Trip applications are declined if the specialist service nominated is no longer the closest to the patient's home.

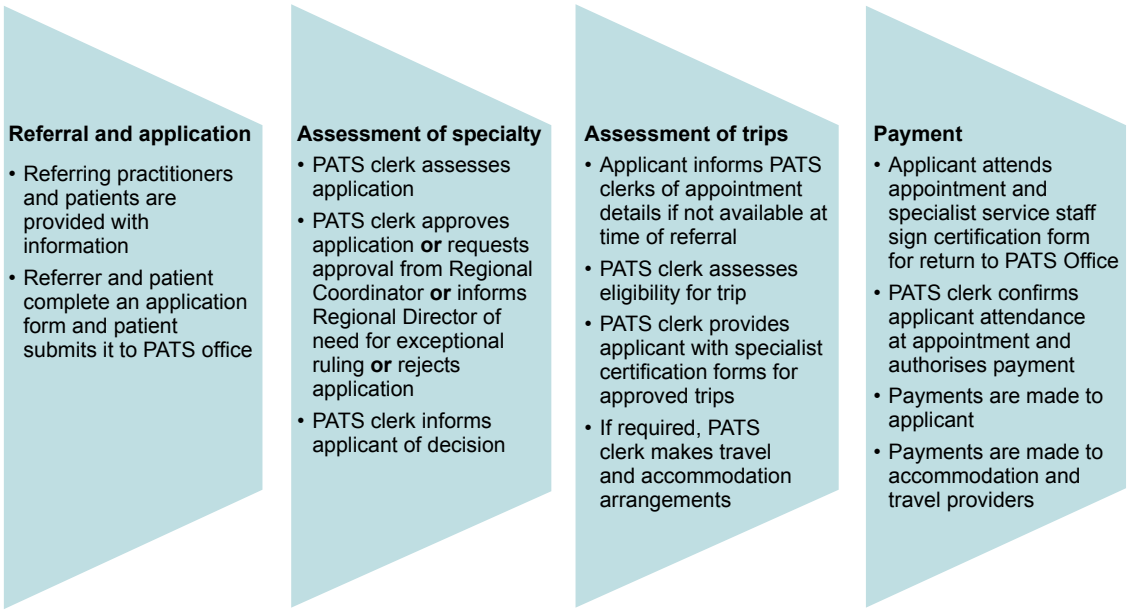


Figure 4: Processing PATS applications and payments

We tested 64 applications, of which 60 were approved and four declined. At each site we reviewed the assessment of eligibility criteria and the calculation of subsidies. We examined whether payments to patients were correct. We found:

- applications were assessed according to the relevant eligibility criteria
- all but two approved subsidies were aligned with the scheduled rates. On two occasions a commercial accommodation provider in the Kimberley was paid $20 more than the scheduled subsidy. We were advised that the increased nightly rate had been negotiated to address a shortage of accommodation providers willing to accommodate PATS patients
- payments generated were for the amounts approved.

Assessments and subsidies were appropriate for different types of trips

Different eligibility criteria and subsidies apply to patients with particular needs or travelling under different circumstances. The Manual details rules for assessing applications and calculating subsidies for each trip type. Different rules may apply, such as whether or not a subsidy will be provided for an escort. We found relevant eligibility criteria and subsidy rates were properly applied at each site.

The most common type of trip was travel to an approved specialist service, followed by patients being repatriated home following an inter-hospital transfer or primary evacuation (Figure 5). The trip types are:

- to an approved specialty where the distance travelled to the nearest service must be at least 100 km
- being repatriated home after an inter-hospital transfer or primary evacuation
- cancer treatment or dialysis where the distance to the nearest treatment centre is between 70 and 100 km
- investigation of breast abnormalities detected at normal screening; PATS subsidies recouped from BreastScreen WA after payment
- if a patient dies following an inter-hospital transfer, primary evacuation or PATS travel to a hospital, help may be given to cover the cost of taking the deceased home.

Type of trip	Number of applications	Proportion of total applications (per cent)
Approved specialty	9 433	94.2
Repatriation from hospital	492	4.9
Cancer treatment or dialysis	65	0.7
BreastScreen WA recoup	15	0.1
Deceased person transport	7	0.1
Total	**10 012**	**100.0**

Figure 5: Trips of different types approved or declined between 3 December 2012 and 27 February 2013

The Department provided good customer service

Delivering customer-focused care is one of the Department's guiding principles for safe, high quality health care. State, national and international standards for customer service are available to support this focus. We tested the appropriateness, accuracy and timeliness of information about PATS that is provided to patients and referring practitioners. We found:

- appropriate, accurate and timely information about PATS is available for patients and carers
- there is adequate information about applicants' responsibilities, particularly the requirement to return signed certification forms in good time in order to receive subsidy payments
- both regional and central PATS staff have procedures for keeping referring medical practitioners and discharge planners in hospitals informed about PATS
- relevant and informative material about PATS is available through the PATS website.

Processing of applications and payments to patients appeared timely although poor records made this difficult to assess

We tested the timeliness of decision-making, travel arrangements and payments to applicants. We found:

- policy and procedures included a standard for the timeliness of decision-making, but in practice, inadequate records were kept for monitoring timeliness. In the cases where records were kept, we found standards had been met. No problems were reported by District Health Advisory Council members interviewed
- local procedures were focused on ensuring that patients received the travel information

and documents they needed in time for their departure. Three patients complained to the Department in 2011-12 of difficulties with PATS clerks making arrangements for air travel, however more than 20 000 flights were made during that time

- patients were advised that they would receive subsidy payments within eight weeks of submitting documents certifying they had attended their appointments. In cases where dates were recorded, payments were made within this time. Patients can ask for assistance in advance if they need it.

Other aspects of the Department's administration of the scheme could be improved

Eligibility checks could be strengthened

We found staff relied on information provided by referring practitioners and patients to assess eligibility. There was no evidence that they asked for supporting information or proof. In some cases, information was missing. Specifically:

- there were no independent checks of referrers' identities and six per cent of applications tested did not have a record of the referrer's provider number that would enable the eligibility of the referrer to be checked. Our 2013 audit of key performance indicators in the Pilbara found an approved application where the referring practitioner had referred themselves to PATS. While this is not against the rules, we did not see any evidence that the circumstances of the referral had been investigated
- checks of patients' identities were not carried out
- patients were not required to provide evidence to support their residency status although they were asked on application forms to declare that they were permanent country residents
- one third of applications tested did not have a record of the patient's Medicare number. Patients were asked to declare on application forms that they were eligible for Medicare.

The Department cannot be sure that patients did not receive benefits from other sources as well as PATS. The Policy states that people who are eligible to claim travel or accommodation subsidies under another scheme are not eligible to apply for assistance from PATS. This was not independently verified and there were deficiencies in the process:

- the application form does not require patients to declare that they are not receiving benefits from another source. Rather patients are asked to tick boxes if their travel is related to treatment covered by listed sources. They may leave the tick boxes blank in error

- the list of sources on the application form is limited. A full list of other schemes from which patients could receive assistance was not included in the Manual or the database. Other schemes include the Pensioner Annual Free Trip Scheme, the Taxi User's Subsidy Scheme, the Country Pensioner Fuel Card, Transport Concession Travel subsidies and financial assistance provided by the Cancer Council
- after their trips, patients should declare that they have not benefited from another scheme. The declaration is included in the document confirming they have attended their appointments. Of the applications tested in Kununurra, Carnarvon and Peel, 28 per cent of applicants who should have returned the document had either not returned it or had not signed it. The declaration is not included on the document used in the South West.

Controls over payments generated by the PATS database could be improved

The PATS database is used to authorise payments to patients. Payments to suppliers are reconciled through the Department's purchase order and payment card processes. We found three instances of payments to suppliers being authorised in the database. The payments were made without the documentary support that would have otherwise been required.

The payment file produced from the database is open to manipulation in transit to the financial payment system. There is not a direct interface between the systems authorising and making payments. This creates a risk to data integrity although we note that access to the file is limited to a small number of people, which reduces the risk. The same risk did not apply in the Peel and South West regions where the database was used to record but not authorise payments.

Information about the complaints process could be clearer

We examined the appropriateness of information provided to patients wanting to appeal a decision or make a complaint. We found the appeals process was accessible to patients but the complaints process was not.

Key documents and the PATS public website did not contain clear information on how to make a complaint. Patients are referred to Department policy documents. However the policy documents do not clearly advise patients who they should contact. This may contribute to the number of people approaching someone other than their local health service with concerns about PATS. Since July 2011, we identified a total of 117 approaches to the Minister, either directly or through other Members of Parliament, to the Chief Executive Officer of WACHS, and to the Health Consumers' Council. During the same period, 43 complaints were registered with regional offices.

Of the 160 complaints examined, 60 per cent concerned eligibility criteria and subsidy rates. Common complaints were that PATS was not available for allied health or dental care, that subsidies did not meet the high cost of accommodation and that taxi vouchers should be more readily available. Seven per cent identified problems with processing applications and payments in the South West where there were technical problems with the system being used. The remaining 33 per cent, spread across all regions, concerned administrative processes and service levels.

Some control weaknesses have either arisen or been exacerbated by the introduction of the PATS database

In 2009 the Department began to develop a new electronic database. Staff began using the database in December 2012.

Key objectives for the database were to:

- simplify and reinforce standard business practices across the State
- save time spent entering data
- improve customer satisfaction
- measure PATS usage
- improve data management.

In achieving these objectives, the database:

- helps staff apply decision rules for different types of trip and different medical needs, for example when air travel is permitted or an escort required
- calculates subsidies according to the type of transport, the distance to be travelled and the number of nights' accommodation required
- generates batch payment files that are sent for the production of cheques for patients
- records amounts due to transport and accommodation providers.

Assistance application forms are still submitted in hard copy in all regions except the South West. In that region a call centre takes referrals from medical practitioners in hard copy and applications from patients over the phone. In all regions, specialist services staff must certify that the patient attended their appointment before payments are made to patients. Information from both application and certification forms is entered into the database.

Decisions were not always adequately authorised

The WACHS delegation schedule delegates the authority to approve expenditure under PATS. This must be evidenced in writing under the signature of the authorised person. We found that this requirement was not met in Carnarvon and Kununurra after staff began using the new PATS database to record applications. We were advised that procedures were revised in Kununurra in February and witnessed the recording of decisions on hard copy forms during our visit in April.

We found the new database did not enforce the current WACHS delegation schedule which clearly sets out who has the authority to approve PATS applications. We found:

- staff with no authority to approve applications but with access to the database and an ability to approve payments. This was the case in most regions
- one instance where a clerk's access to the electronic database was not removed after their role changed and they ceased to process applications. Restricting access to those who need it is a fundamental control of any system.

There was no evidence that application approvals were made in consultation with clinical managers and PATS budget holders as required by the WACHS delegation schedule. Consultation with clinical managers is important for staff to understand whether referring practitioners are providing a reasonable assessment of patients' travel needs. These assessments affect subsidies such as whether air travel or an escort will be provided. We found:

- the Manual did not require it
- it was not the practice in the sites visited
- there was no provision, either on the application form or in the database, to record such consultation or review.

We were advised that it was the practice in some regions for more senior managers to approve applications processed by PATS clerks and saw that the practice had recently been introduced in Kununurra.

The new database did not ensure that there was segregation of duties in decision-making for PATS applications. The review and approval of key decisions by more senior staff should be recorded. This would increase the likelihood that mistakes and unauthorised or fraudulent behaviour will be detected. In the absence of such a review process, we found that one person could perform all the steps in the process, from receiving an application to authorising the payment.

Decisions were not always adequately recorded

There were inadequacies with recording decisions on both hard copies and the new database. In particular:

- it was not possible to identify in the database who approved or declined standard applications. This is a concern given that hard copy records were often inadequate. We were informed that the person editing records in the database could be identified from audit logs but that these had to be requested from the administrator of the system if a review were required
- often there was no signature recording the decision to approve second and subsequent trips. When patients first apply for PATS there is a single application form that covers both the specific medical specialty and the first trip. Although PATS clerks must assess and approve subsequent trips separately, patients do not have to submit separate application forms. The decisions are clearly separated in the database but there is no uniform process for creating signed hard copy records
- the database was being used to record reasons for declined applications and the background, consideration and decisions for exceptional rulings, however these records were not complete. We found the decision was not recorded in two of four declined applications, and there was no briefing note on file for one of two exceptional rulings examined
- it is possible to scan documents into the database to provide backup for hard copy records however this function was not being used
- in a number of instances during this audit we were unable to find documents that in our view would constitute a record under the *State Records Act 2000* and should therefore have been retained. A similar finding was made in July 2012 by the Department's internal audit in regard to recordkeeping at several sites in the Pilbara region. Hard copy records were being destroyed or given to patients rather than kept for the six years required by the General Disposal Authority for Financial and Accounting Records. Our 2013 audit of the Department's key performance indicators also found incomplete records in the Pilbara region
- the Department did not comply with its conflict of interest policy and guidelines. Any actual, perceived or potential conflicts of interest should be disclosed, recorded and managed. There is an increased risk in smaller rural towns and communities that PATS applications are made by the colleagues, friends and family members of staff. We were advised that there were procedures in each region to manage such situations. However, neither the conflicts nor the actions taken to manage them were recorded. In particular:

- we were advised that potential conflicts of interest had arisen in the Kimberley, Pilbara and Goldfields in recent years. These involved staff or family members applying for a subsidy from PATS
- in the applications chosen for testing in Kununurra, we found two were submitted by Department staff. One of these was from a staff member with a role in the processing of PATS applications. We saw that it was independently assessed and approved by a more senior manager.

The Department did not address the risk of reduced administrative control resulting from more streamlined processes

There was no evidence that risks arising from more streamlined and efficient processes were identified and addressed. Financial assistance programs can be susceptible to fraud, misconduct and potential conflicts of interest and hence delivery agencies need assurance that administrative controls are adequate to mitigate them.

We examined the Department's initial business requirements for the new database. We found that there was no formal risk assessment to support the development of key objectives and specifications. Key objectives focused on simplifying processes, improving efficiency, accuracy and consistency, and improving customer satisfaction. The potential for fraud or misconduct by users of the database did not appear to have been assessed.

When major changes to Policy or its administration are considered and introduced, a risk assessment should be carried out, particularly where it is significant in size and impact. We found no evidence that the major policy and administrative changes to PATS of recent years were supported by risk assessments. These were:

- amendments to the Policy in 2008-09. Changes to eligibility criteria and subsidy rates resulted in more people able to apply for PATS
- changes to the WACHS delegation schedule. The Department advised that risks were considered but not formally documented in the development of these changes. The schedule is in draft form but not yet approved. The proposed changes are intended to streamline the administration of PATS and address problems at some sites where there are not enough staff with the appropriate delegated authority to process applications.

In 2012, the Department reviewed the administration of PATS and advised that the review had considered risks. However it did not show us a formal risk assessment. The review found inefficiencies in the administration of PATS and recommended more automated processes. Considering and implementing the review's recommendations gives the Department another opportunity to conduct a suitable risk assessment. This would ensure new processes, structures and systems include appropriate administrative controls.

Auditor General's Reports

REPORT NUMBER	2013 REPORTS	DATE TABLED
8	Follow-up Performance Audit of Behind the Evidence: Forensic Services	19 June 2013
7	Fraud Prevention and Detection in the Public Sector	19 June 2013
6	Records Management in the Public Sector	19 June 2013
5	Delivering Western Australia's Ambulance Services	12 June 2013
4	Audit Results Report - Annual Assurance Audits: Universities and state training providers and Other audits completed since 29 October 2012 – and Across Government Benchmarking Audits: Recording, custody and disposal of portable and attractive assets and Control of funds held for specific purposes	15 May 2013
3	Management of Injured Workers in the Public Sector	8 May 2013
2	Follow-on Performance Audit to 'Room to Move: Improving the Cost Efficiency of Government Office Space'	17 April 2013
1	Management of the Rail Freight Network Lease: Twelve Years Down the Track	3 January 2013

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