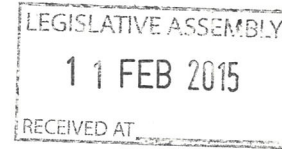




Premier of Western Australia

Our ref: 24-505199



Mr Peter McHugh
Clerk of the Legislative Assembly
Parliament House
PERTH WA 6000

Dear Mr McHugh

Public Accounts Committee - Response to Report No. 8 *Review of Auditor General Reports No. 3 - Selected Reports 2012-2013*

I refer to Report No. 8 of the Public Accounts Committee entitled *Review of Auditor General Reports No. 3 – Selected Reports 2012-2013*, which was tabled in the Legislative Assembly on 23 October 2014.

In accordance with Standing Order 277(1) of the Standing Orders of the Legislative Assembly, I report to the Assembly the Government's response to the recommendations of the Committee.

Yours sincerely

Colin Barnett MLA
PREMIER

**RESPONSE TO RECOMMENDATIONS OF REPORT NO. 8 OF THE LEGISLATIVE
ASSEMBLY PUBLIC ACCOUNTS COMMITTEE – REVIEW OF AUDITOR GENERAL
REPORTS NO. 3 – SELECTED REPORTS 2012-2013**

Recommendation 1

WA Health must ensure that its policy on the acceptance of gifts and travel benefits is rigorously and effectively communicated and enforced.

The Acting Director General has approved a revised WA Health Gift Policy. This policy responds to issues concerning the acceptance of gifts identified in:

- The original Auditor General Report No. 7 of 2012: Pharmaceuticals: Purchase and Management of Pharmaceuticals in Public Health.
- Recommendations in a subsequent Department of Health Internal Audit into the Acceptance of Gifts.
- The Corruption and Crime Commission report dealing with Fraud and Corruption in Procurement in WA Health: Dealing with the Risks.

The revised policy also responds to issues identified in the Integrity Coordination Group (ICG) Advisory paper on the Acceptance of Gifts.

The revised Gift policy has been published and is available to all employees. The Department of Health is presently modifying current governance awareness programs to incorporate the revised policy requirements.

Recommendation 2

WA Health needs to exercise ongoing vigilance to improving security systems and monitoring processes in the areas of hospitals where pharmaceuticals are administered to patients.

In particular, WA Health should give priority to using the relevant information it acquires from the configuration of Fiona Stanley Hospital to promptly develop a solution for improving security systems in these areas at all public hospitals.

WA Health has comprehensive policies on security and systems for monitoring issues relating to handling of medicines administered to patients. These are constantly reviewed and trends identified for specific systematic responses according to the risk posed. Drug related misconduct matters are managed according to the relevant Operational Directive that provides guidance for reporting and investigation. Misconduct matters are followed up by the Corporate Governance Directorate. Matters of breaches of the Poisons Act or failings of policy and procedures are addressed by the Pharmaceutical Services Branch.

Operational Directives exist to provide day-to-day guidance on handling of medicines including:

- Storage and handling of Schedule 8 medicines (S8)
- Storage and recording of Schedule 4 Reportable medicines (S4R)
- Reporting of medicines losses
- Management of pharmaceutical waste

In 2014 WA Health conducted an analysis of liquid losses, consulted widely with clinical areas and developed an Operational Directive on the Best Practice Measurement and Reporting for S4R and S8 liquids. Training and support materials, including instruction videos have recently been released. WA Health has also developed and implemented a new Operational Directive specifically to account for concerns relating to the handling of Propofol.

It is acknowledged that health technology exists which may enhance some aspects of security and accountability without loss of efficiency. These systems are being explored for FSH. The FSH experience will provide a template for other areas of the WA Health in medicine management.

The FSH medicines technology strategy is underway and the procurement process ongoing. The technologies (and commencement of use in patient care) will not be fully implemented until 2015 during the hospital's phased implementation process. Once implemented and embedded the costs, benefits and limitations of this technology in a local setting will be better understood. This will allow for system wide assessments for potential deployment across WA Health longer term.

Recommendation 3

Given that 35 per cent of the Housing Authority maintenance work is on jobs valued at under \$500, the Housing Authority should include in its Annual Report the methodology and outcome of its audit of random samples of maintenance jobs valued at under \$500.

The Housing Authority accepts this recommendation and will provide methodology and the outcome of its audit of random samples of maintenance works valued under \$500 in the next Annual Report (2015). The Annual Report draft commences in March 2015 and is published in September 2015.

Recommendation 4

The Housing Authority should include in its Annual Report a comprehensive summary of the performance of the Head Contractor Maintenance Model. Using Key Performance Indicator data obtained from its Head Contractors, this summary should demonstrate the extent to which the model is driving better maintenance outcomes in the areas of timeliness, reduced costs and quality of workmanship.

The Housing Authority accepts this recommendation and will provide a comprehensive summary on the performance of the Head Maintenance Contractor Maintenance Model in the next Annual Report (2015).

The Housing Authority's new Housing Maintenance Contracts commenced on 1 November 2014. The new Contracts have adopted the following Key Performance Indicators:

- Timeliness (30%) – Completion of Works Orders.
- Quality (40%) – Compliance of Works Orders and Program Works undertaken.
- Cost (5%) – Timeliness of invoices.
- Safety (20%) – Compliance of Works undertaken and in line with the Health and Safety and Environmental Management Plan.
- Participation (5%) - Compliance with meeting the agreed Industry Participation Plan, Indigenous Employment and Apprenticeship Plans.

Tenant satisfaction is a further measure that will be undertaken through regular surveys and will be undertaken by both Head Contractors and the Housing Authority. Survey results will drive further business improvements in the areas of service delivery and tenant satisfaction as per the requirements outlined in the Annual Operational Plan both parties have agreed to.

The Annual Operational Plan, in conjunction with the Key Performance Indicators, has been developed with Head Contractors to continually improve the delivery of maintenance services to the Housing Authority over the term of the Contract; particular focus will be service delivery, tenant satisfaction, value for money and industry improvement.

The Annual Report draft commences in March 2015 and is published in September 2015.

Contract Key Performance Indicators for the new Contracts were adopted on 1 November 2014.

A series of monthly and quarterly reports will be undertaken to manage Head Contractors' performance in conjunction with the Annual Operational Plan.

Recommendation 5

The Minister for Science, as part of his upcoming report to Parliament on the recently completed independent review of the Chemistry Centre (WA) Act 2007, indicate what actions might be taken to resolve the current difficulties surrounding the Memorandum of Understanding and funding model for forensic services between WA Police and Chemistry Centre WA.

As stated in the August 2014 *Report of the Steering Committee for the Review of the ChemCentre business model*, the "ChemCentre must provide a greater level of transparency in its accounting processes and provide costing advice (or fee structure) to government clients, to enable the satisfactory negotiation of 'take-or-pay' agreements (particularly for 'bulk' service provision in areas such as alcohol and drug analysis), along with agreed pricing for more specialist services. This will enable government clients to properly manage their funding allocations for analytical services and address the issues raised by Police."

The implementation of the Report's seven recommendations, which includes the development of a transparent and robust fee structure for all services, will be coordinated by the Department of the Premier and Cabinet through the Office of Science.

Recommendation 6

The Minister for Police report to Parliament on options to resolve the current difficulties surrounding the Memorandum of Understanding and funding model for forensic services between WA Police and the Chemistry Centre WA.

This recommendation is on hold until the implementation of the seven recommendations of the *Report of the Steering Committee for the Review of the ChemCentre business model* is undertaken (as outlined above).