

*Financial*

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***Finance Return  
Form F1***

# Finance Return

## Monthly Financial Profit/Loss Report

Human Services



Peoplefirst

Refer to the Agency Information Management System Manual for instructions on completing this form



<b>Hospital:</b>				
<b>Agency:</b>	<b>Agency Code:</b>	<b>Month:</b>	<b>Year:</b>	

	Services Supported By Health Service Agreement (HSA) YTD \$'000s	Non HSA Initiatives YTD \$'000s	Capital Fund YTD \$'000s	Elimination Column YTD \$000's	Total All Activities Consolidated YTD \$'000s
<b>REVENUE—PART 1A</b>					
<b>HSA Fund</b>					
1 Output Group 111: Acute Health					
i Government					
ii Inpatient Accommodation Fees					
iii Other Income					
2 Output Group 126: Aged Care & Primary Health					
i Government					
ii Inpatient Accommodation Fees					
iii Other Income					
3 Output Group 115: Mental Health					
i Government					
ii Inpatient Accommodation Fees					
iii Other Income					
4 Output Group 116: Public Health					
i Government					
ii Other Income					
5 Other Output Groups					
i Government					
ii Inpatient Accommodation Fees					
iii Other Income					
iv Non-Admitted Patient Fees					
6 Total HSA Revenue					
<b>Non HSA Initiatives Revenue</b>					
7 Business Units					
8 Specific Purposes Revenue					
9 Hostel					
10 Controlled Entities					
11 Interest & Dividend					
12 Other Revenue (includes general donations)					
13 Total Non HSA Initiatives Revenue					
<b>Capital Revenue</b>					
14 Property Income					
15 Interest & Dividend					
16 Others					
17 Total Capital Fund Revenue					
18 Total Entity Revenue					

# Finance Return

## Monthly Balance Sheet

Human  
Services



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<b>Hospital:</b>			
<b>Agency:</b>	<b>Agency Code:</b>	<b>Month:</b>	<b>Year:</b>

Part 2A Statement of Financial Position	Total Consolidated Year to Date \$'000s
<b>Equity</b>	
42 Year To Date (Deficit)/Surplus (i.e. line 41)	
43 Retained Earnings at Beginning of Year	
44 Retained Earnings (= 42+43)	
45 Major Redevelopment Equity	
46 All Other Equity	
47 Total Equity (= 44 to 46)	
<b>Current Liabilities</b>	
48 Bank Overdraft	
i Within Limit	
ii Exceeding Limit	
49 Creditors Payable	
i Current 0-30 days	
ii Within 31-60 days	
iii Over 60 days	
50 Accrued Expenses	
51 Accrued Salaries and Wages	
52 Provision for Employee Entitlements	
i Long Service Leave	
ii Others	
53 Income in Advance	
54 Monies held in Trust	
55 Lease Liabilities	
56 Loans	
57 Other Current Liabilities	
58 Total Current Liabilities (= 48 to 57)	
<b>Non-Current Liabilities</b>	
59 Provision for Employee Entitlements	
i Long Service Leave	
ii Others	
60 Lease Liabilities	
61 Other Non-Current Liabilities	
62 Total Non-Current Liabilities (= 59 to 61)	
63 Total Liabilities (= 58+62)	
64 TOTAL EQUITY & LIABILITIES (= 47+63)	

# Finance Return

## Monthly Performance Indicators

Human  
Services



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<b>Hospital:</b>			
<b>Agency:</b>	<b>Agency Code:</b>	<b>Month:</b>	<b>Year:</b>

Performance Indicators	Non DVA	DVA	Total
80 <b>YTD Throughput</b>			
(1) Fundable WIES			
i YTD Fundable WIES (unadjusted for ICD 9-10 factor) Include all care type 4 but exclude all special funding arrangement WIES (refer to item 3)			
ii Add ICD 9-10 factor (The total effect of applying the factor, not just what is recognised as revenue)			
<b>iii Total Fundable WIES</b>			
iv YTD target or expected			
<b>v Over (under) target or expected</b>			
<b>(2) Less WIES not recognised as revenue</b>			
i Same day Medical Cap penalty			
ii Other WIES not recognised as revenue			
<b>(3) Total WIES not recognised as revenue</b>			
<b>(4) Total Fundable WIES recognised as revenue</b>			
<b>(5) Other DHS funded WIES included as revenue</b>			
	<b>Total All Activities Current Month</b>	<b>Total All Activities Year to Date</b>	<b>Total All Activities Budget Year to Date</b>
81 Quick Assets (\$'000)			
82 Quick Liabilities			
83 Solvency: Quick Asset Ratio			
84 Current Assets Ratio			
<b>Efficiency Indicators</b>			
85 Entity Surplus or Deficit/Total Revenue (%)			
86 Patient Fees Receivable Turnover (days)			
<b>Viability Indicators</b>			
87 Entity Surplus or Deficit (\$'000)			
<b>Off Balance Sheet Items</b>			<b>Total All Activities Year to Date \$'000</b>
88 Unrealised Losses			
89 Litigation/Contingent Liabilities			
90 Capital Commitments			
91 Subsequent Events			
92 Projected Year End Result			

# Finance Return

## Monthly Statement of Cash Flows

Human  
Services



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Refer to the Agency Information Management System Manual  
for instructions on completing this form



<b>Hospital:</b>			
<b>Agency:</b>	<b>Agency Code:</b>	<b>Month:</b>	<b>Year:</b>

Statement of Cash Flows	Total Consolidated YTD \$000 Inflows (Outflows)
<b>Cash Flows from Operating Activities</b>	
<b>Receipts</b>	
1 Government Grants	
2 Patients Fees	
3 Private Practice Fees	
4 Donations and Bequests	
5 Recoupment from private practice for use of hospital facilities	
6 Others	
7 Total Receipts	
<b>Payments</b>	
8 Employment Entitlements	
9 Other	
10 Total Payments	
<b>11 Net Cash Flows from Operating Activities</b>	
<b>Cash Flows from Investing Activities</b>	
12 Purchase of Properties, Plant & Equipment	
13 Proceeds from Sale of Properties, Plant & Equipment	
14 Capital grants	
15 Purchase of Investments	
16 Proceeds from Sale of Investments	
17 Non government Capital Income	
<b>18 Net Cash used in Investing Activities</b>	
<b>Cash Flows from Financing Activities</b>	
19 Proceeds from Borrowings	
20 Repayment of Borrowings	
<b>21 Net Cash Flows from Financial Activities</b>	
<b>22 Net Increase/Decrease in Cash Held</b>	
<b>23 Cash at Beginning of Period (1 July)</b>	
<b>24 Cash at End of Period</b>	

# Finance Return

## Supplementary Data on Expenses

Human  
Services



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Refer to the Agency Information Management System Manual  
for instructions on completing this form



<b>Hospital:</b>			
<b>Agency:</b>	<b>Agency Code:</b>	<b>Month:</b>	<b>Year:</b>

	Total All Activities Consolidated YTD \$'000
<b>Services Supported by Health Service Agreement</b>	
1 Employee Entitlements	
i Salaries & Wages	
a Basic	
b Others	
ii Workcover	
iii Departure Packages	
iv Long Service Leave	
v Superannuation	
2 Agency Costs	
3 Fee for Service Medical Officers	
4 Supplies & Consumables	
5 Other Expenses	
6 Sub Total	
<b>Services Supported by Hospital and Community Initiatives</b>	
7 Employee Entitlements	
i Salaries & Wages	
a Basic	
b Others	
ii Workcover	
iii Departure Packages	
iv Long Service Leave	
v Superannuation	
8 Agency Costs	
9 Fee for Service Medical Officers	
10 Supplies & Consumables	
11 Other Expenses	
12 Sub Total	
13 <b>Total Expenses</b>	
14 <b>EFT</b>	

Note 1: Total expenses reported herein line 13 must agree with Total Entity Expenses in line 34 of F1Part1.

Note 2: EFT information in line 14 refers to overall actual current month base EFT figure as reported in Consolidated Report 71 provided by Allegiance. For hospitals not using Allegiance, corresponding information must be used.

# ***Finance Return***

## ***Chief Executive Officer's Comments***

Human  
Services



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<b>Hospital:</b>			
<b>Agency:</b>	<b>Agency Code:</b>	<b>Month:</b>	<b>Year:</b>

### **Part 6: CEO'S COMMENTS ON PERFORMANCE**

Comments should include review of performance and projected year end results, strategies and progress plan and major event.

<b>Signed (Chief Executive Officer):</b>	<b>Date:</b>
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# Finance Return

## Monthly Balance Sheet

Human  
Services



Peoplefirst



Part 2B Statement of Financial Position	Total Consolidated Year to Date \$'000s
<b>Current Assets</b>	
65 Cash at Bank/On Hand	
66 Patient Fees Receivable	
i Current 0-30 days	
ii Within 31-60 days	
iii Over 60 days	
67 Monies held in Trust/Specific Purpose	
68 Stores	
69 Prepayments	
70 Accrued Revenue Receivable	
71 Debtors	
72 Short Term Investments	
73 Other Current Assets	
74 Total Current Assets (= 65 to 73)	
<b>Non-Current Assets</b>	
75 Long Term Investments	
i Land, Buildings	
ii Others	
76 Non-Current Assets at Gross Cost	
77 Less Accumulated Depreciation	
i Plant & Buildings	
ii Equipment & Others	
78 Total Non-Current Assets (= 75 to 77)	
79 TOTAL ASSETS (= 74 + 78)	

# Monthly Financial Profit/Loss Report (cont..)



	Services Supported By Health Service Agreement (HSA) YTD \$'000s	Non HSA Initiatives YTD \$'000s	Capital Fund YTD \$'000s	Elimination Column YTD \$000's	Total All Activities Consolidated YTD \$'000s
<b>EXPENSES—PART 1B</b>					
<b>Services Supported by HSA</b>					
19	Output Group 111: Acute Health				
	i Admitted Patients				
	ii Non-Admitted Services				
20	Output Group 126: Aged Care & Primary Health				
	i Admitted Patients				
	ii Nursing Home				
	iii Community Based Services				
	iv Others				
21	Output Group 115: Mental Health				
	i Admitted Patients Services				
	ii Others				
22	Output Group 116: Public Health				
	i Non-Admitted Services				
	ii Other				
23	Other Output Groups				
	i Admitted Patients				
	ii Non-Admitted Services				
	iii Other				
24	Total HSA Supported Services Expenses				
<b>Non HSA Initiatives</b>					
25	Business Units				
26	Other Specific Purposes Expenses				
27	Hostel				
28	Controlled Entities				
29	Other Expenses				
30	Total Non HSA Initiatives Expenses				
<b>Capital Expenses</b>					
31	Property Expenses				
32	Others				
33	Total Capital Expenses				
34	Total Entity Expenses				
<b>35 Entity Operating Surplus/(Deficit)</b>					
36	Depreciation				
	i Plant & Buildings				
	ii Equipment & Others				
37	Abnormal Items				
	i Abnormal Revenue				
	ii Abnormal Expenses				
38	Long Service Leave (Bond / Wage rates adjustment)				
39	Capital Purposes Grants				
	i DHS - Acute Health				
	- Aged Care & Primary Health				
	- Mental Health				
	- Public Health				
	- Others				
	ii Others				
40	Other Capital Purpose Income				
41	ENTITY SURPLUS/(DEFICIT)				

Finance	Finance Return
Form F1	Monthly Return - Finance

## ***Reporting Requirements***

Form F1 is used to report agency level financial data for all sources of funding. The data is requested in accordance with the Health Services Act 1988. The key feature of the financial statements and ratios on the AIMS Form F1 return is to provide the Department of Human Services with information to determine the performance and viability of each reporting entity.

AIMS Form F1 is divided into six parts:

- Financial Profit/Loss Report
- Balance Sheet
- Indicators
- Statement of Cash Flows
- Supplementary Data on Expenses, and
- CEO's Comments.

## **Return of Forms**

Forms are to be returned to the Department *within 14 calendar days* following the end of the month. Hospitals in the metropolitan regions are to forward electronic data direct to the AIMS Collection Officer, Acute Health Division. Rural hospitals are to submit electronic data to their Regional Office.

Printouts of the original signed forms must be retained by the hospital and be available to officers of the Department upon request.

## **Assistance**

If assistance is required with the completion of this return, please contact your Regional Office (for regional and rural hospitals) and respective account manager (for metropolitan networks). For technical assistance on AIMS related problems, please contact the AIMS Help Desk.

Finance	Finance Return
Form F1	Monthly Return - Finance

## ***Instructions for Completing Form F1***

### **Fund Accounting**

The Finance and Accounting Manual for Public Hospitals describes 'Fund Accounting' as separate accounting for cash inflows according to their source and a matching of expenditure according to the source of funds used in expenditure transactions.

Three funds namely the Operating Fund (Services Supported by Health Service Agreement), Capital Fund and Specific Purpose Funds (Non-HSA Initiatives) are used to enable a distinction to be drawn in relation to both stocks and flows of funds between those relating to activities undertaken at the behest of government and those undertaken as a result of local community initiatives.

### **Elimination Column**

It is normal for transactions to arise between funds in a hospital environment. For example, pathology regularly conduct diagnostic tests for public patients, resulting in the Specific Purpose Funds (Non-HSA Initiatives) charging the Operating Fund (Services Supported by Health Service Agreement) for the service. Although the 'bottom line' for each of these respective funds is accurate, the overall revenue and expense line for the hospital entity will be overstated if the elimination is overlooked. The elimination column is provided so that the 'total' column in AIMS F1 may correctly reflect the results and financial position of the hospital as an entity i.e. only transactions between the entity and third parties are included.

Finance	Finance Return
Form F1, Part 1A	Monthly Financial Profit/Loss Report

## Part 1A: Revenue

### **Government Operating Fund**

#### **Acute Revenue—Government (Item 1(i))**

Variable payment rates for 1999–2000 in respect of Casemix revenue are:

#### **Inpatients**

##### *Target A:*

Public	\$1,371
Private	\$ 970

##### *Target Margin A*

Public	\$ 960
Private	\$ 679

##### *Option*

Public	\$1,371
Private	\$ 970

##### *Tender*

Public	To be determined
Private	To be determined

*Rural/Isolated* \$14/\$35

*NHT* \$ 126

##### *Rehabilitation*

Level 1	\$ 350
Level 2	\$ 291

*(A full listing of the unit rates for all WIES7 are found in page 24 of the Policy and Funding Guidelines 1999–2000).*

#### **Non-Admitted Patients (Group A Hospitals, Ballarat and Bendigo)**

VACS Variable Grant is \$109 per weighted encounter for throughput up to target.

Non-admitted patients throughput target for purpose of case payment has been set at 1998 calendar year activity levels. Case payment will only be paid for public encounters and, where activity varies significantly from the agreed profile of services, or fails to reach target, adjustments will be made.

Note that these rates are subject to variation during the year.

All casemix revenue received or accrued for the year-to-date should be recorded in this cell.

Where actual WIES7 for the period is not available, hospitals would need to multiply the actual separations by the most recent estimate of the average conversion factor to derive the estimated WIES7.

Finance	Finance Return
Form F1, Part 1A	Monthly Financial Profit/Loss Report

The actual/estimated public and private WIES7 relating to Target A, Target A margin, Option and VACS variable grant relating to non-admitted patients weighted encounters should be multiplied by the relevant rates disclosed above to determine the government accrued revenue.

For 1999–2000 same day medical targets are standardised at 6.5 per cent of total funded throughput across Victoria. Specialist hospitals are excluded from same day medical targets and will not contribute to Network targets. Certain cases are also be excluded from the cap (see page 25 of the *Policy and Funding Guidelines 1999–2000*). Same day medical throughput in excess of targets will not be funded.

NHT days are paid according to the Public and Private NH5 and non-NH5 nursing days submitted by the hospital to the regional offices.

Where actual/estimated WIES7 throughput for the reporting period is greater than target, revenue should be accrued to target. Where actual/estimated WIES7 throughput for the reporting period is lower than target, revenue should be accrued to actual. Section 3 of the Public Hospitals Policy and Funding Guidelines provides further details that have a bearing on recognition of revenue.

The fixed element should be taken from the Health Service Agreement and an amount apportioned for each month based upon the number of days in that month (i.e. fixed grant divided by 365 and then multiplied by days in the reporting period).

Insurance payments made on behalf of the hospital by the Department of Human Services are contra entries and should be accrued and apportioned between programs based on their proportional amount of expenditure. Such indirect payments should be recorded under 'Government'.

#### **Acute Revenue—Inpatient Accommodation Fees (Item 1(ii))**

All accrued private patient fees (with the exception of accrual for the inpatient revenue shortfall, if any, should be taken up in item (i)) must be recorded in this item. Under the Australia Health Care Agreement, Treasury & Finance through the Department will no longer automatically make up for any fall in private patient revenue. However, if the private health insurance participation rate falls below 29.3 % and private patient revenue falls below that of 1998/99; under AHCA, funding will be provided to make up the revenue shortfall. Further details on private patient revenue short fall is also found in Section 2.2.3 of Public Hospitals Policy and Funding Guidelines. Bad debts recovered should be offset against doubtful debt provision incurred by this program in Item 19.

*(The reason for reporting inpatient revenue shortfall in item (i) is to facilitate the subsequent funding of the shortfall).*

Finance	Finance Return
Form F1, Part 1A	Monthly Financial Profit/Loss Report

**Acute Revenue—Other Income (Item 1(iii))**

This cell includes all accrued outpatient fees and pharmaceutical charges as well as interest income. Income from Operating Fund’s bank accounts and other investments should be allocated to their output group. If this data is unavailable, interest income should be apportioned on the basis of the output group’s percentage share of total revenue.

Facilities fees recovered on revenue from Medicare funded MRI services is to be reported here. Corresponding MRI operating expenses are to be reported in Item 19 (ii) - Acute Non-Admitted Services.

Hospitals which receive ‘cash’ donations should record these amounts as revenue in the Operating Fund or Specific Purpose Fund depending upon whether or not the donor specifies conditions with respect to disbursement and according to the program that raises the cash. For example, general donations collected from ‘Accident and Emergency area’ should be recorded in the Operating Fund as revenue against Output Group 111: Acute Health.

Non-reciprocal transfers to the hospital should be reported in this cell. With the introduction of Statement of Accounting Concept 4 and more importantly the adoption by the Government of Australian Accounting Standards and Accounting and Financial Reporting Bulletin Issue 2 issued by the Department of Treasury and Finance, contributions such as grants, donations and gifts must be recognised as revenues. In 1999–2000 the Department will provide block grants to all Networks and public hospitals for general equipment and infrastructure maintenance purposes. As explained in item 39 - Capital Purposes Grants these block grants should be reported as revenue under this heading. *In the context of Operating Fund, contributions refer to grants, donations and gifts where conditions are **not specified** but readily identified with acute care.* Where identification is not obvious, the contributions need to be allocated among the output groups within the Operating Fund on a reasonable basis.

**Aged Care and Primary Health Revenue—Government (Item 2(i))**

Aged Care revenue from Government grants includes nursing homes, geriatric hospitals, palliative care, day centres, community rehabilitation centres (formerly day hospitals), Home and Community Care (HACC) and all other approved and funded services and special initiatives. Hospitals which receive an operating grant for Aged Care Services should report these amounts in this item.

Primary Health includes Dental Services, Centres Against Sexual Assault, Community Health Services (e.g. podiatry, community health nursing, counselling), Innovative Health Services for Homeless Youth, Alcohol & Drug, Family Planning and Suicide Prevention. The component of this item related to Primary Health services should be accrued by dividing the annual grant as stated in the Health Service Agreement by the number of days in the year and then multiply that amount by the number of days in the month.

The component of this item relating to Aged Care services from Government grants should reflect the accrued revenue for the period based on the actual level of activity in each of the sub program levels for the reporting period. These accruals should take account of any limits on sub program and ensure that cumulative revenue does not exceed the agreed

Finance	Finance Return
Form F1, Part 1A	Monthly Financial Profit/Loss Report

revenue figure, where applicable, that exists in the Health Service Agreement. The following example is provided to illustrate the point.

Agency Community Rehabilitation Centre:

Budget	\$100,000 pa
Target	1,000 attendances
Unit cost per attendance	\$100
YTD attendances to 31/5/00	950
Accrued revenue to 31/5/00	\$95,000

If the agency recorded 80 attendances in the month of June, it would be incorrect to record the accrued revenue for the period as 80 x \$100 or \$8,000 as only \$5,000 of this revenue will be received from the Department (i.e. the difference between the May accrued revenue of \$95,000 and the annual budget of \$100,000).

*Note: As non-admitted services budgets are capped, the maximum amount an agency will receive for the provision of Day Centre services in the above example is \$100,000, so it is therefore incorrect to accrue greater than the 1,000 attendances **at the budgeted unit cost**. This does not however preclude an agency from utilising productivity improvements in order to increase total attendances thus reducing unit costs.*

Only the Department of Human Services recurrent grants should be reported in this item.

All Commonwealth contributions for residential care are to be reported as inpatient accommodation fees in Item 2(ii). All hostel activities with the exception of Multi-purpose Service sites at Otway, Far East Gippsland, Upper Murray, Mallee Track, Alpine Health, Timboon and Robinvale should be reported in the non-Health Service Agreement initiatives section (under Item 9 for revenue and Item 27 for expenditure).

### **Aged Care and Primary Health Revenue—Inpatient Accommodation Fees (Item 2(ii))**

Refers to all revenue from patients and the Commonwealth including those of the MPS.

### **Aged Care and Primary Health Revenue—Other Income (Item 2(iii))**

Includes investment income and contributions readily identifiable with Aged Care and Primary Health services. For further information, refer to Item 1(iii).

### **Mental Health Revenue—Government (Item 3(i))**

'Psychiatric Services' includes public psychiatric specialist units, mainstreamed psychiatric acute care units, psychogeriatric services, crisis assessment teams, mobile support & treatment, home based outreach program, community residential rehabilitation care, psychosocial rehabilitation day program and related support services. The amount reported here should be accrued by dividing the annual grant as stated in the Health Service Agreement by the number of days in the year and then multiply that amount by the number of days in the month.

### **Mental Health Revenue—Inpatient Accommodation Fees (Item 3(ii))**

Revenue from patients and Commonwealth contributions for jointly funded services should be recorded under this item.

Finance	Finance Return
Form F1, Part 1A	Monthly Financial Profit/Loss Report

**Mental Health Revenue—Other Income (Item 3(iii))**

Includes investment income and contributions readily identifiable with psychiatric care. For more information, please refer to Item 1(iii).

**Public Health Revenue—Government (Item 4(i))**

Public Health includes Koori Liaison, Displan, Methadone, Poison and Drug Information, Perinatal and others. The amount reported should be accrued by dividing the annual grant as stated in the Health Service Agreement by the number of days in the year and then multiply that amount by the number of days in the month.

**Public Health Revenue—Other Income (Item 4(ii))**

Includes investment income and contributions readily identifiable with Public Health. For further information, refer to Item 1(iii).

**Other Output Group Revenue (Item 5)**

Programs other than those mentioned above are to be reported under this heading. The above explanatory notes are also applicable to the appropriate sub headings. Non-admitted Patient Fees are fees derived from outpatients.

**Total HSA Revenue (Item 6)**

The total for this item is computed by the System automatically and is the sum of Items 1 to 5 in the Services supported by Health Services Agreement column.

***Non-HSA Initiatives***

This category is generally used to report all business units transactions, private practice accounts, Commonwealth funded programs and other entity programs and activities *which do not have financial support from the Department of Human Services.*

**Business Units (Item 7)**

All revenue earned by business units needs to be reported under this item. The general characteristics of 'business units' include:

- the sale of goods and services to external parties and services supported by the Health Service Agreement;
- the separate accounting of revenue and expenditure; and
- does not (directly) receive any income or support from the Department of Human Services.

Examples of business units include: cafeterias, food catering, car park, linen services, radiology, pathology and cleaning services.

**Specific Purposes Revenue (Item 8)**

This item includes revenue from units which do not come within the definition of 'Business Units' (Item 7) and funding for specified purposes programs *This item should also include all other entity activities which are **not related to capital items.***

<b>Finance</b>	Finance Return
Form F1, Part 1A	Monthly Financial Profit/Loss Report

Specific purposes revenue from private sources would include specific bequests, donations, private practice fees and consulting fees. Research grants and funds held for restricted or specific purposes are to be recorded as revenue under this item.

**Hostel (Item 9)**

Hostel activities other than MPS not funded by the Department are to be reported here.

**Controlled Entity (Item 10)**

This refers to an entity in which the decision making capacity is dominated directly or indirectly by the reporting hospital in relation to the financial and operating policies of the entity so as to enable the entity to operate under those policies in pursuing the objectives of the reporting hospital. A common form of control within the public hospital industry is the capacity of the reporting hospital to dominate the composition of the board of directors or governing board of another entity.

Controlled entity includes subsidiaries, trusts, foundations activities.

**Interest & Dividend (Item 11)**

This refers to interest and dividend earned on bank accounts and investments attributable to the business unit operations and the management of donations and specific purposes grants.

**Other Revenue (Item 12)**

Other Revenue includes general donations and revenue generated by auxiliaries/fund raising activities.

**Total Non-HSA Initiatives Revenue (Item 13)**

The total is computed automatically by the System and is the sum of Items 7 to 12 in the Non-HSA Initiatives column.

**Capital Fund**

**Property Income (Item 14)**

This refers to gross rental income earned on property leases.

**Interest & Dividend (Item 15)**

This refers to interest and dividend earned on bank accounts and investments attributable to the management of Capital Fund.

**Others (Item 16)**

This includes all sundry income not reported under Items 14 to 15.

**Total Capital Fund Revenue (Item 17)**

The total is computed automatically by the System and is the sum of Items 14 to 16 in the Capital Fund column.

Finance	Finance Return
Form F1, Part 1A	Monthly Financial Profit/Loss Report

***Total Entity Revenue***

**Total Entity Revenue (Item 18)**

The amount in 'Total HSA Revenue' (Item 6) will be transferred to 'Total Entity Revenue' (Item 18) in the Services Supported by Health Service Agreement column.

The amount in 'Total Non-HSA Initiatives Revenue' (Item 13) will be transferred to 'Total Entity Revenue' (Item 18) in the Non-HSA Initiatives column.

The amount in 'Total Capital Fund Revenue' (Item 17) will be transferred to 'Total Entity Revenue' (Item 18) in the Capital Fund column.

The elimination totals in Items 6, 13, 17 will add up automatically to appear in Item 18 in the elimination column.

The System will require the user to key in the Total Entity Revenue in the Total All Activities column. The amount keyed in must equal to the total of Items 6, 13 and 17 in the Total All Activities column, otherwise the System will display an error message upon completion of data entry and not allow user to proceed with authorisation until the error is corrected.

<b>Finance</b>	Finance Return
Form F1, Part 1B	Monthly Financial Profit/Loss Report

## Part 1B: Expenses

Items 19 to 23 refers to recurrent expenses accrued on services supported by Health Service Agreement or any other supplementary agreement made with the Department of Human Services.

### Acute Services (Item 19)

The expenses include cost of direct patient care for patients admitted to designated acute care beds in public hospitals but exclude the cost of direct patient care for recognised geriatric evaluation and management, planned geriatric respite, rehabilitation, palliative care and psychogeriatric programs. The expenses are to be reported under the classification of Admitted Patients and Non-admitted Patients Services.

Admitted patient is a patient who undergoes a hospital's formal admission process and is admitted as a Same-day Patient or Overnight stay Patient. Non-admitted patient is a patient who does not undergo a hospital's formal admission process. There are three categories of non-admitted patient:

- emergency department patient
- outpatient
- other non-admitted patient.

### Aged Care Services and Primary Health (Item 20)

Admitted Patients include Evaluation and Management, Planned Respite, Designated rehabilitation level 1, and 2, Palliative Care, Psychogeriatric and Nursing Home Type/Non-Acute. Admitted patient is a patient who undergoes a hospital's formal admission process and is admitted as a Same-day Patient or Overnight stay Patient. All expenses on the above levels of care should be recorded on an accrued basis taking into account both bed days and separations as well as the specific requirements of the Hospital Conditions of Funding.

In addition, this item should record expenditure relating to Primary Health programs such as Dental Services, Centres Against Sexual Assault, Community Health Services (e.g. podiatry, community health nursing, counselling), Innovative Health Services for Homeless Youth, Alcohol & Drug, Family Planning and Suicide Prevention. The classification of 'Others' in this output group includes HACC services.

### Mental Health Services (Item 21)

Inpatient Services include acute inpatient services, secure/extended care inpatient services and hospital based rehabilitation services. This category is applicable to designated Acute Admission Units only.

Community Based Residential Rehabilitation Services include psychogeriatric nursing homes, hostels and community care units.

Community Based Services include Crisis Assessment Teams, Mobile Support Teams, Continuing Care, Clinical and Consultancy services.

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Form F1, Part 1B	Monthly Financial Profit/Loss Report

**Public Health (Item 22)**

The expenditure relates to Public Health sub programs such as those mentioned in item 4. The classification of non-admitted patients as described in item 19 applies to this Output Group.

**Other Output Groups (Item 23)**

This refers to expenditure not reported in Output Groups mentioned above in item 19 to 22. The classification of admitted and non-admitted patients as mentioned in item 19 applies to this Output Group.

**Total HSA Supported Services Expenses (Item 24)**

The total shown here is automatically calculated by the System and equals to the sum of Items 19 to 23 in the Services Supported by Health Services Agreement column.

***Non-HSA Initiatives***

**Business Units (Item 25)**

This relates to all expenses incurred on an accrual basis in generating the revenue of Business Units as described in Item 7.

**Other Specific Purposes Expenses (Item 26)**

This refers to all expenses accruing on the delivery of services funded under Item 8.

**Hostel (Item 27)**

This refers to all expenses incurred on an accrual basis in generating the revenue of Hostel activities as described in Item 9.

**Controlled Entities (Item 28)**

This refers to all expenses incurred on an accrual basis in generating the revenue of controlled entities as described in item 10.

**Other Expenses (Item 29)**

This refers to all expenses accruing on the Non-HSA initiatives but not included under Business Units (Item 25), Other Specific Purposes Expenses (Item 26), Hostel (Item 27) and Controlled Entities (Item 28).

**Total Non-HSA Initiatives Expenses (Item 30)**

The total shown here is automatically calculated by the System and is the sum of Items 25 to 29 in the Non-HSA Initiatives column.

***Capital Expenses***

**Property Expenses (Item 31)**

This relates to all expenses incurred in generating the Property Income as described in Item 14.

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Form F1, Part 1B	Monthly Financial Profit/Loss Report

**Others (Item 32)**

This refers to all expenses accruing in the Capital Fund but not included in Item 31. A common expense item is interest on borrowings and overdraft. Purchases of equipment over \$1,000 and having a useful life of more than one year must not be treated as expenses. They should be capitalised and depreciated over their useful life.

**Total Capital Expenses (Item 33)**

The total shown here is automatically calculated and is the sum of Items 31 and 32 in the Capital Fund column.

**Total Entity Expenses (Item 34)**

'Total HSA Supported Services Expenses' (Item 24), 'Total Non-HSA Initiatives Expenses' (Item 30) and 'Total Capital Expenses' (Item 33) will be automatically transferred to this item under the respective activity columns. The system allows user to key in the total in the Total All Activities column and compare with the total calculated automatically. The total entered here is the sum of Items 24, 30 and 33 which have already accounted for the effect of the elimination column. If the total does not add up, the System will display an error message upon completion of data entry and not allow user to proceed with authorisation until the error is corrected.

**Entity Operating Surplus/(Deficit) (Item 35)**

The System requires totals to be entered into the respective column and is compared with the total which is calculated automatically. The System will also automatically deduct Item 34 totals from Item 18 to determine the surplus or deficit for the respective activities. If the total does not match, the System will display an error message upon completion of data entry and will not allow user to proceed with authorisation until the error is corrected.

**Capital Fund Depreciation (Item 36)**

Since Capital Fund is deemed to hold all the hospital's non-current assets, depreciation on these assets should be treated as an expense in this fund. The three common depreciation methods are spelt out in page 51 of the Department of Human Services' Finance and Accounting Manual. The Victorian Hospitals' Association has issued a list of depreciation rates which are suitable for use by public hospitals, subject only to unusual conditions prevailing with respect to particular assets. This list appears in page 114, Appendices - Department of Human Services' Finance and Accounting Manual for Public Hospitals. Depreciation must only be shown in Capital Fund column.

Depreciation in the first year of acquisition must be computed according to the time the asset was used during the year. Fractions of a month are to be disregarded.

Plant and Building refer to structures which are of different asset classifications but are joined together as one functional unit. For example elevators, lift and airconditioning system are built into the building's structure.

Equipment and others refer to all other movable fixed assets.

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Form F1, Part 1B	Monthly Financial Profit/Loss Report

**Abnormal Items (Item 37)**

This refers to items of revenue and expense included in the surplus or deficit for the reporting period, which are considered abnormal by reason of their size and effect on the surplus or deficit. Common items are Government grants for departure packages, provision for redundancy , payment of departure packages, write down of fixed assets and large debt write off. Departure package revenue and expense are included here to enhance consistency in reporting and comparison of operating results amongst networks and hospitals. If the Year 2000 modification costs and contribution from the Department are large, these should be reported here as abnormal revenue and expense respectively.

Extraordinary Items are to be reported in this cell. Extraordinary items are items of revenue and expense which are attributable to transactions or other events of type that are outside the ordinary operations of the entity and are not of a recurring nature. For example, the sale of a significant operation or all the assets associated with such an operation or the unintended destruction of a property.

**Long Service Leave (Item 38)**

The provision for long service leave is contractual and the reporting requirements are codified in AAS 30. One of the most significant requirements is the use of present value in reporting the future liabilities on long service leave. This requires the use of discount and wage inflation rates which are advised quarterly by Department of Treasury & Finance.

The adjustments attributable to the change in the discount and wage inflate rates are to be reported here.

**Capital Purposes Grants (Item 39)**

This relates to all tied grants received *for the purpose of acquiring non-current assets such as capital works, plant and equipment and should be reported as revenue in the Capital Fund column.*

In 1999–2000 capital funding will be made for the acquisition of new or replacement equipment and infrastructure maintenance purposes. A portion of these funds will be provided as block grants for general equipment and infrastructure maintenance purposes, with the remainder provided for submission based targeted equipment funding. The allocation of block grants is based on the relative acute patient activity levels (output) and the grants are provided for maintenance purposes. Accordingly, these block grants should be reported as operating revenue in the Acute output group under item 1(iii) - Other Income. The submission based grants for targeted major items of equipment are capital purposes grants and have to be reported under this heading.

Non-reciprocal contributions made by Department are reported under the 'Department of Human Services' sub heading while those made by the community and the Commonwealth are reported under the 'Others' sub heading.

Finance	Finance Return
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**Other Capital Purpose Income (Item 40)**

All income (other than those reported in item 39) received *for the specific purpose of acquiring non-current assets such as capital works, plant and equipment should be reported as revenue in the Capital Fund column.* The common items to be included here are:

- Donations and bequests specified for the purchase of fixed assets
- The cost of equipment donated by medical practitioners
- Profit or loss on sale of fixed assets.

**Entity Surplus/(Deficit) (Item 41)**

The System requires totals to be entered into the respective column and is compared with the total (of items 35, 36, 37, 38, 39 and 40) which is calculated automatically. If the total does not match, the System will display an error message upon completion of data entry and will not allow user to proceed with authorisation until the error is corrected.

Finance	Finance Return
Form F1 Part 2B	Monthly Balance Sheet

## Part 2A: Statement of Financial Position

### **Equity**

#### **YTD (Deficit)/Surplus (Item 42)**

(Deficit)/Surplus for this item must always correspond to Item 41 in the consolidated column.

#### **Retained Earnings at Beginning of Year (Item 43)**

For the 1999–2000 financial year, that begins on 1 July 1999, the opening balance for this item is the closing balance of the 1998/99 financial year.

#### **Retained Earnings (Item 44)**

The System will compute the closing balance on accumulated surplus/(deficit) by adding Items 42 and 43.

#### **Major Redevelopment Equity (Item 45)**

Where an entity receives capital grants for major works and the Minister of Finance approves the funding to be treated as contributed capital, it is then appropriate to report such capital grants under this item in the balance sheet.

#### **All Other Equity (Item 46)**

'Other Equity' includes funds held for restricted purposes, funds held in perpetuity and asset revaluation reserve. Funds held for restricted purposes refer to funds which because of the terms on which they are given or because of a decision of the Board of Management are not available to be used for general activities of the hospital e.g. Research Funds, Education Funds, Prize Funds, Charitable Trusts. Funds held in perpetuity refer to endowments from donors where the amount and duration of the gifts continue for an infinite period. Interest earned from these funds is added to the original sum to maintain its value. Funds held for restricted purposes and for perpetuity are generally classified under Specific Purpose Fund (Hospital and Community Initiatives). Asset Revaluation Reserve is an equity account which contains the movements in asset values and any upward or downward movement in asset values is recorded against this reserve account. Asset Revaluation Reserve should be generally classified under Capital Fund.

#### **Total Equity (Item 47)**

The total keyed into the Total Consolidated column is the sum of Items 44, 45, and 46. If the total does not add up, the System will display an error message upon completion of data entry and not allow the user to proceed with authorisation until the error is corrected.

### **Current Liabilities**

#### **Bank Overdraft (Item 48)**

Bank overdraft utilised within the approved limit is not a quick liability although it remains a current liability being payable at call. The credit balance of a bank overdraft drawn within limit should only be reported in Item 48(i). Bank overdraft must not be set-off against the debit balance in another bank account.

Where an overdraft has exceeded its approved overdraft limit the overdrawn amount should be reported in Item 48(ii) and it is treated as a quick liability. For example if a hospital has an overdraft limit of \$100,000 and this is exceeded by \$20,000 (i.e. the account has a credit

<b>Finance</b>	Finance Return
Form F1, Part 2B	Monthly Balance Sheet

balance of \$120,000) then \$20,000 should be reported in Item 48(ii) and \$100,000 should be reported in Item 48(i).

### **Creditors Payable (Item 49)**

The reported balance here should be supported by a listing of outstanding suppliers' accounts which agrees with, or is reconciled to, the relevant general ledger balances. Accounts payable are all amounts which are owing and unpaid for goods delivered and services rendered at a point in time.

#### **Item 49(i)**

Refers to all accounts due for immediate payment as well as those due within 30 days.

#### **Item 49(ii)**

Refers to all accounts due for payment after 30 days but before 60 days.

#### **Item 49(iii)**

Refers to all accounts due for payment after 60 days.

### **Accrued Expenses (Item 50)**

Accrued expenses arise when the expense incurred for the period is not paid for in the same period. As long as payment for expenses and incurrence of the expenses do not take place in the same accounting period, accrual of expenses become necessary for purpose of matching revenue with expenses. Amounts commonly included in this item are utility charges.

### **Accrued Salaries & Wages (Item 51)**

The component of salaries and wages (including fringe benefits and non-monetary benefits) arising from services rendered by employees during the reporting period that is not paid as at the reporting date ( i.e. month end or year end).

### **Provision for Employee Entitlements (Item 52)**

Employee entitlements means benefit entitlements which employees accumulate as a result of the rendering of their services to the hospital up to the reporting date, and include, but are not limited to, annual leave, long service leave, superannuation and other post-employment benefits. Accounting for employee entitlements should comply with the provisions of AAS 30. In respect of measurement of long service leave, a working guide on this matter is found in 'Accounting for Long Service Leave' jointly issued by the Australian Accounting Research Foundation and Coopers & Lybrand.

The proportion of employee entitlements estimated to be payable within the next 12 months is to be included under this item. The portion not due for settlement within the next 12 months is to be classified as non-current in Item 59. If total provision is say \$1,000,000 and \$150,000 is required to be settled in the next 12 months, \$150,000 is shown as current liabilities while \$850,000 is shown as non-current liabilities.

### **Income in Advance (Item 53)**

AAS 15 draws a distinction between reciprocal and non-reciprocal transfer of assets in the recognition of revenue. Non-reciprocal transfer generally means a transfer in which the entity receives assets without directly giving approximately equal value in exchange to the other party. Subject to certain conditions (AAS15 para 9.1), all non-reciprocal transfers

Finance	Finance Return
Form F1 Part 2B	Monthly Balance Sheet

must be recognised as revenue. A common example is donated asset or donation in general. Income in Advance arises from the non-completion or partial completion of services established under the reciprocal transfers. An example of a reciprocal transfer is casemix funding which involves a purchase/provider agreement detailing the required output and penalty or recall of money if the agreed services are not delivered.

**Monies held in Trust (Item 54)**

Refers to funds held on behalf of patients during their stay in hospital. Upon discharge, the funds are remitted to the patient. Revenue earned such as interest, together with the amount paid out under instruction from the patient, represent increases and decreases respectively in the liability to the patient. The liability must be matched by an asset (usually a bank account) held in trust in the statement of financial position.

**Lease Liabilities (Item 55)**

Relates to finance lease liabilities due within 12 months. For further information, refer to 'Leased Assets' in the Department of Human Services Finance and Accounting Manual for Public Hospitals.

**Loans (Item 56)**

Short term loans or cash advances from all sources including the Department of Human Services should be shown in this item.

**Other Current Liabilities (Item 57)**

Relates to any amount not otherwise included in Items 48 to 56.

**Total Current Liabilities (Item 58)**

The total keyed here must be equal to the sum of Items 48 to 57. If the total does not add up, the System will display an error message upon completion of data entry and not allow the user to proceed with authorisation until the error is corrected.

***Non-Current Liabilities***

**Provision for Employee Entitlements (Item 59)**

Refers to that portion of provision for employee entitlements that is not due and payable within 12 months.

**Lease Liabilities (Item 60)**

Relates to finance lease liabilities not due within 12 months. For further information, refer to 'Leased Assets' in the Department of Human Services Finance and Accounting Manual for Public Hospitals.

**Other Non-Current Liabilities (Item 61)**

Refers to any amount not otherwise included in Items 59 and 60.

**Total Non-Current Liabilities (Item 62)**

The total keyed here must be equal to the sum of Items 59 to 61. If the total does not add up, the System will display an error message upon completion of data entry and not allow user to proceed with authorisation until the error is corrected.

Finance	Finance Return
Form F1, Part 2B	Monthly Balance Sheet

**Total Liabilities (Item 63)**

Manual input is required for comparison with the sum of Items 58 and 62. The System will also automatically transpose the sum of Items 58 and 62 to this item.

**Total Equity and Liabilities (Item 64)**

The System will automatically transpose the sum of Items 47 and 63 to this item. Manual input is also required for comparison with the sum of Items 47 and 63.

Finance	Finance Return
Form F1 Part 2B	Monthly Balance Sheet

## Part 2B: Current Assets

Current assets means cash or other assets of the entity that would in the ordinary course of operations of the entity be consumed or converted into cash within twelve months after the end of the last reporting period of the entity.

### Cash at Bank/On Hand (Item 65)

This refers to the consolidated debit bank balances of the entity.

Where a material amount of cheques have been drawn but not issued to suppliers, the amount should be added back to creditors payable and cash at bank for F1 reporting purposes. An amount equal or greater than 10% of the base amount is regarded as material. The base amount in this case is the total value of cheques drawn in the month.

### Patient Fees Receivable (Item 66)

This item should only include patient fees. The amounts are to be shown net of any provision for doubtful debts. The Department of Human Services grants are to be included in accrued revenue (Item 70).

### Monies held in Trust/Specific Purpose (Item 67)

Refer to monies held in trust on behalf of the hospital by another party.

### Stores (Item 68)

The amount should be shown at book value at the lower of cost and net realisable value. Cost is determined principally by the first-in, first-out method. The amount reported should be net of any provision for stock obsolescence.

### Prepayments (Item 69)

Prepayment arises when the hospital makes a payment during the current financial year which applies partly to a period within the current financial year and partly to a future period. Commonly occurring prepayments include telephone rentals, insurance premiums and journal subscriptions.

### Accrued Revenue Receivable (Item 70)

Includes all revenue earned but not yet received. All the Department of Human Services cash advances or loans are to be excluded. For example, to determine the amount due from (accrued revenue) the Department of Human Services at the end of the reporting period for Output Group 111, inpatient accommodation fees earned and casemix funding amounts received from the Department of Human Services are deducted from the total fixed and variable amounts of revenue earned (Refer to notes on Item 1(i) of Part 1: Statement of Revenue and Expenses page 3).

### Debtors (Item 71)

Refers to all amounts receivable within one year which have not been included in Items 66, 69 and 70, e.g. invoiced trade debtors.

<b>Finance</b>	Finance Return
Form F1, Part 2B	Monthly Balance Sheet

### **Short Term Investments (Item 72)**

Investments held by the hospital should be recorded at the lower of cost and net realisable value. The classification between current and non-current assets depends on the expected timing of disposal of the investment. If disposal is not anticipated within 12 months the amount should be recorded in Item 75.

### **Other Current Assets (Item 73)**

'Other current assets' includes all amounts due within 12 months that are not specifically covered in Items 65 to 72.

### **Total Current Assets (Item 74)**

The total keyed into the Total All Funds column must equal to the sum of Items 65 to 73. If the total does not add up, the System will display an error message upon completion of data entry and not allow the user to proceed with authorisation until the error is corrected.

### **Non-Current Assets**

Non-current assets means all assets other than current assets.

### **Long Term Investments (Item 75)**

General investments held by the hospital should be recorded at the lower of cost and net realisable value. Revaluation of land and buildings held as investments should comply with the relevant accounting standard. The classification between current and non-current assets depends on the expected timing of disposal of the investment. If the anticipated disposal is within 12 months for an investment then it should be recorded as a short term investment under item 72.

### **Non-Current Assets at Gross Cost (Item 76)**

The non-current assets include land and buildings, plant & equipment, leasehold improvements, motor vehicles, office furniture, assets under construction and library books. It should be noted that the threshold for recognition and capitalisation of a non-current physical asset is \$1,000.

### **Accumulated Depreciation (Item 77)**

Apart from land, all other fixed assets should be depreciated over its remaining useful life. The Victorian Hospitals' Association has issued a list of depreciation rates which are suitable for use by public hospitals, subject only to unusual conditions prevailing with respect to particular assets. This list appears in Appendix ii (page 111) of the Finance and Accounting Manual for Public Hospitals. If an asset has been revalued, the depreciation should be calculated on the revalued amount rather than the historical cost. No depreciation is to be charged on capital works until the facility is complete and ready for use. Refer to Item 36 for definitions between:

- Plant & Building; and
- Equipment & Others.

### **Total Non-Current Assets (Item 78)**

Total keyed in the Total Consolidated column must equal the sum of Item 75(i) & (ii) and the difference between Items 76 and 77(i) & (ii). If the total does not reconcile, the System will

Finance	Finance Return
Form F1 Part 2B	Monthly Balance Sheet

display an error message upon completion of data entry and not allow the user to proceed with authorisation until the error is corrected.

**Total Assets**

**Total Assets (Item 79)**

Total Consolidated column has to be input manually and must equal to the sum of Items 74 and 78. The System will also automatically transpose the sum of Items 74 and 78 to this item. If the total does not correspond, the System will display an error message upon completion of data entry and not allow the user to proceed with authorisation until the error is corrected.

Finance	Finance Return
Form F1 Part 3	Monthly Performance Indicators

## Part 3: Indicators

### **Performance Indicators**

#### **WIES (Item 80)**

The intention is to establish the hospital's YTD throughput performance in relation to its targets and to understand what throughput the hospital is recognising in its YTD revenue.

The starting point is to record the YTD WIES estimate which will be coded as fundable and refine that figure to ascertain the WIES recognised as revenue. Separate columns for DVA and non-DVA are provided because over 'target' DVA throughput still earns revenue.

#### **YTD Fundable WIES (Item 80 (1i))**

The exact current month WIES will in most cases not be known. The YTD WIES should include:

- The most recent YTD VIMD fundable WIES for the prior months.
- VIMD fundable separations for the current month (include uncoded) converted to WIES.
- Accrual for patients not yet separated.

WIES which are subject to special funding arrangements and have been coded as such should be included in Item 5 *Other Department of Human Services' funded WIES included as revenue*. An 1998–99 example of this would be the AHCA elective WIES.

#### **Add ICD 9–10 factor (Item 80 (1ii))**

The full effect of applying the factor should be shown as we are seeking to establish the gross fundable WIES. If any conversion factor WIES are not being recognised as revenue, this should be shown in 2(ii) *Other WIES not recognised as revenue*. Hospitals will be advised of the ICD 9–10 conversion factor for 1999–2000.

#### **Same Day Medical Penalty (Item 80 (2i))**

WIES over the same day medical cap is not funded. If a hospital believes that despite being over its estimated YTD cap it will be under the cap by end of the year, it should continue to accrue the over cap WIES as revenue. If the over cap situation is likely to persist, then that revenue should not be accrued and should be shown here. For example, if YTD over same day medical cap is 100 and at the end of year this is estimated to be 50 only, the end of year over target estimate of 50 should be entered here.

#### **Other over target WIES not accrued as revenue (Item 80 (2ii))**

The main inclusions here will be:

- Late coded throughput where significant
- Non-DVA throughput being over target at the end of the year and therefore not funded
- All or part of the ICD 9–10 conversion factor WIES depending on if it results in the non-DVA throughput being over target.

If the hospital believes that despite being over its estimated YTD target it will be on or under the target by end of the year, it should continue to accrue the target WIES as revenue.

Finance	Finance Return
Form F1 Part 3	Monthly Performance Indicators

**Quick Assets (Item 81)**

This refers to liquid assets which can be converted into cash fairly quickly. For purpose of this Return, a cut off period of 60 days is used. Quick assets include Cash at Bank/on Hand, Patient Fees Receivable within 60 days (Items 66(i) and(ii)), Accrued Revenue Receivable, Short Term Investments and the 60 days portion of Debtors and Other Current Assets.

**Quick Liabilities (Item 82)**

Quick liabilities are Bank Overdraft (exceeded limit portion), Accrued Salaries and Wages, Creditors Payable within 60 days (Items 49(i) & (ii)) and the 60 days portion of Accrued Expenses, Provision for Long Service Leave, Lease Liabilities, Loans and Other Current Liabilities.

**Solvency: Quick Asset Ratio (Item 83)**

This ratio is computed by the System and is derived from dividing Quick assets (Item 81) by Quick Liabilities (Item 82).

**Current Assets Ratio (Item 84)**

This ratio is computed by the System and is derived from dividing Current Assets (Item 74) by Current Liabilities (Item 58).

The Hospital is also requested to provide the projected current ratio derived from the budget in the 'Budget YTD' column.

**Efficiency Indicators**

**Entity Surplus (Deficit)/Total Revenue Per Cent (Item 85)**

Entity Surplus (Deficit) refers to entity operating surplus/deficit (Item 35) which is divided by Total Entity Revenue (Item 18). This ratio measures the relative operating efficiency of the hospital in terms of entity operating surplus as a percentage of the total revenue.

The System computes the year-to-date ratio.

**Patient Fees Receivable Turnover (in days) (Item 86)**

The hospital is required to manually calculate this monthly ratio and enter it here. Turnover of patients' fees receivable is calculated by dividing the average amount receivable at the beginning and the end of the month by the daily average patient fees earned for the same month. The result is expressed as a number of days that patient fees are taken to collect. This turnover rate will be influenced by the speed with which private health funds and statutory bodies such as TAC settle their accounts. A fall in the ratio or a low rate indicates more effective collection.

**Viability Indicators**

**Entity Surplus or (Deficit) (Item 87)**

The System automatically transposes year-to-date operating results (Item 35) on to the YTD column. But the *monthly* result has to be computed manually and keyed into the current month column. The operating surplus (deficit) is a key indicator of viability and performance within the given constraints because it indicates all revenue and expenses (before Items 36, 37, 38, 39 and 40). At entity level, it measures operating performance in financial terms. Trends in the entity's surplus or deficit are important indicators of viability as they indicate the

<b>Finance</b>	Finance Return
Form F1 Part 3	Monthly Performance Indicators

extent to which the hospital's operating activities are adding to or eroding its asset base over time.

The Hospital is requested to provide forecast on operating surplus (deficit) in the 'Budget YTD' column.

***Off Balance Sheet Items***

The information are requested to enhance disclosure and quality of evaluating the financial performance and position of the Hospital.

**Unrealised Losses (Item 88)**

This refers to unrealised loss arising from transaction pending completion, maturity or disposal. Common transactions in this regard are investments in equity and managed funds where losses are not provided for in the accounts.

**Litigation/Contingent Liabilities (Item 89)**

Litigation/Contingent Liabilities are those liabilities arising from decision, settlement or obligation which become payable or enforceable in certain circumstances against the Hospital. Examples would be:

- A guarantee given by the entity to secure a third party's debt.
- Litigation where the probable outcome is unfavourable and may result in a material impact on the financial position of the entity.

**Capital Commitments (Item 90)**

This refers to contractual obligation relating to capital project and purchases.

**Subsequent Events (Item 91)**

This refers to event occurring after balance sheet date but relating to a condition existing as at that balance sheet date.

**Projected Year End Result (Item 92)**

This represents projected entity operating surplus/(deficit) before depreciation, abnormal and capital items. It takes account of the initial budget, the actual YTD result and any other events or factors not previously available at the time of budget preparation.

Finance	Finance Return
Form F1 Part 4	Statement of Cash Flow

## Part 4: Statement of Cash Flow

Commencing 1999–2000, the Statement of Cash Flow forms part of the monthly financial return to the Department. The Statement of Cash Flow is to be prepared on a year-to-date basis.

The form and content of the Statement of Cash Flow is consistent with those of the Annual Report. The Statement provides useful information on the cash requirements of the public hospitals and how these requirements are satisfied. The information provided in the statement of cash flows together with other information in the financial report will assist in assessing the ability of a public hospital to generate cash flows and meet its financial commitments as they fall due. A Statement of Cash Flows is also required from hospitals in order to enable the Department to meet the Government reporting requirements of the Department of Treasury & Finance.

A reconciliation of cash flows arising from operating activities to operating surplus of deficit as reported in the profit and loss account is not required for the Statement of Cash Flow.

In preparing this Statement of Cash Flow, hospitals should be guided by the provisions of AAS28. Most of the cash flow activities reported in the Statement are self explanatory or have been explained in other parts of the 'Instructions for Completing the F1' and the Annual Reporting Guidelines. However it should be noted that 'Donations and Bequests' in operating activities refers to general and specific donations and bequests other than those received for the purpose of acquiring non-current assets such as plant and equipment. This category of donations and bequests should be included as 'Non-government Capital Income' in investing activities.

Finance	Finance Return
Form F1 Part 5	Supplementary Data on Expenses

## Part 5: Supplementary Data on Expenses

This part of the F1 is an adaptation of the note on operating expenses contained in the Annual Reports. It is intended to provide a better understanding of the behaviour of costs and EFT level in relation to output and enable the Department to meet Government reporting requirements of the Department of Treasury & Finance. The following notes are provided to assist you in completing the return. These notes are applicable to both HSA and Non-HSA Services.

### **Salary & Wages (Items 1i and 7i)**

Salary and wages are divided into two categories. This includes salary and wages of all employees working a full-time or part-time basis and excludes fee-for-service medical officers. The 'Basic' grouping refers to the *ordinary rate* of salary and wages, annual leave, sick leave, other leave entitlements and public holidays. The 'Others' grouping is for staff costs such as overtime, penalty and allowances.

Salary and wages should be reported gross and not net of deductions or salary sacrifice arrangements.

### **Workcover (Items 1ii and 7ii)**

All expenditure incurred for Workcover is reported here.

### **Departure Packages (Items 1iii and 7iii)**

All expenditure incurred (including Long Service Leave) as a result of VDPs approved and funded by the Department or the hospital. Both Targeted Separation Packages and Voluntary Departure Packages should be included.

### **Long Service Leave (Items 1iv and 7iv)**

The total amount you would have provided for in the annual report as required by AAS30 but excluding all expenditure related to VDP Packages.

### **Superannuation (Items 1v and 7v)**

All superannuation expenditure related to the various schemes.

### **Agency Costs (Items 2 and 8)**

All expenditure incurred in engaging agency staff.

### **Fee-for-Service Medical Officers (Items 3 and 9)**

This refers to payments made to a visiting medical officer appointed by the hospital to provide medical services on a fee-for-service basis.

### **Supplies & Consumables (Items 4 and 10)**

This includes the costs of supplying food and beverages to patients, consumables of a medical and surgical nature and pharmaceutical supplies.

Finance	Finance Return
Form F1 Part 5	Supplementary Data on Expenses

***Other Expenses (Items 5 and 11)***

Other Expenses includes all expenses not reported in items 1 to 4 or items 7 to 10 of F1 Part 5.

***Total Expenses (Item 13)***

'Total Expenses' of this form must agree with item 34 of F1 Part 1.

***EFT (Item 14)***

The EFT information requested in item 14 is the overall actual current month base EFT figure as reported in Consolidated Report 71 provided by Allegiance. For hospitals not using Allegiance, corresponding information must be used.

Finance	Finance Return
From F1 Part 6	CEO's Comments on Performance

## Part 6: CEO's Comments on Performance

The comment should include the following areas:

### ***Review Performance***

Review the monthly and year-to-date operating result with reference to the key influences on the reported surplus or deficit position. These influences may be financial (e.g. accounting adjustments) and non-financial (e.g. lower throughput).

### ***Review of Projected Year End Result***

The key assumptions made on Projected Year End result should be disclosed and explained. If the trend in actual result appears to be contrary to the projected one, the disparity should be explained.

### ***Strategies and Progress Plan***

Details of action plan and the corresponding progress report is needed where the entity is reporting a significant deficit. The Plan generally outlines the major saving strategies and the progress report updated each month to tracks its implementation and effectiveness in financial terms.

### ***Major Events***

Details of major events which have occurred beyond the control of the management and have a significant impact on the operating result or financial position of the entity. Examples of such events are industrial dispute, major break down of plant and equipment or forced shut down of facilities.

***Finance Return***

***Form 2: Annual Report***

Finance	Finance Return
Form F2	Annual Report

Public hospitals are required to prepare a Revenue and Expense Statement, Balance Sheet Statement of Cash Flows and notes to the Financial Statements for the end of each financial year in accordance with the Finance Management Act. These statements are subsequently audited by the Auditor General and form part of the Hospital Annual Report that is tabled in Parliament.

The F2 return for June 2000 will mirror part of the Annual Report for 1999–2000. Specific details on Form F2 are expected to be distributed to each agency early in June 2000, after the 1999–2000 annual reporting requirements for public hospitals are finalised.