

23 March 2018

Antony Andrews

By email to: [fyi-request-7344-d9015f89@requests.fyi.org.nz](mailto:fyi-request-7344-d9015f89@requests.fyi.org.nz)

Dear Antony

**Re Official Information Request - Management and Administration Personnel Expenditure**

I refer to your official information request dated 28 February 2018 for information about our expenditure and reporting of the same relating to Management and Personnel costs.

The information you have requested is enclosed. We have provided the relevant information under each of your questions below.

**First part of your request:**

**The Schedule 3: DHB Provider Arm Financial Performance report you provided to Ministry of Health for financial year 2012 shows that year to date expenditure for 'Management and Administration Personnel' reduced from \$64,891(\$'000) in February 2012 to \$54,123 (\$'000) in March 2012. In other words, the expenditure on inhouse Management and Administration Personnel for March 2012 was a credit of \$10768 (\$'000).**

- 1. What transaction (amount) was added or subtracted that made this transaction a credit for the month of March 2012.**
- 2. If this amount was adjusted with some income, clearly please break down what the actual amount of expenditure was for this group before any adjustment and the amount of adjustment added. Please name the type of adjustment.**
- 3. If there was any error in this reporting during the time you submitted this data to MOH, please provide the correct amount for the whole financial year i.e., from June 2011 to July 2012 (month by month) for this particular labour group.**

In March 2013, Auckland DHB adopted the Common Chart of Accounts (CCOA) for financial reporting that is used by all other DHBs and the Ministry of Health (MoH). The transition process from the existing chart of accounts previously used by Auckland DHB involved rationalisation and reclassification of account balances in the period leading up to March 2013. The first batch of chart of accounts migration adjustment entries were posted to the general ledger in March 2012. The adjustment transactions that resulted in a credit balance for Management/Admin Employee Group in Provider Arm are listed in the table below by account group category (refer Appendix 1).

This was not an income adjustment.

This was not an error in reporting to the Ministry of Health. The conversion to the new CCOA was implemented with the support from the Ministry. These adjustments have been reviewed by external auditors as part of annual audit for FY12

**Second part of your request:**

**The data from MOH on Outsourced labour expenditure on Management and Administration Personnel for October 2012 showed a credit of \$2447.62 (for provider) and \$2176.69 for consolidated amount. Please clarify the following points clearly:**

- 1. What is the reasoning behind this credit? Did ADHB outsource its own staff to an external entity and received income? If it did, please specify how much it spent on outsourcing (if it did in that month) and how much it received by outsourcing its staff to other providers. In other words please break down the figure of \$2447.62.**
- 2. Or was there an error in reporting this amount to MOH. If there was please provide the updated amount for all of the 2012/13 (break down month by month) financial year for Outsourced Management and Administration personnel.**

When reporting to the Ministry in August 2012, there was an account miscoding between Management/Admin Outsource line and Outsourced Clinical Services lines as indicated in green and yellow highlighted cells in Appendix 2 (a) and (b). This error was corrected in October 2012 at year-to-date aggregate level resulting in a credit balance in the October 2012 month column.

Refer Appendix 3 (a) & (b) for updated amount for all of 2012/13 financial year for Auckland DHB Provider Arm and Consolidated Group as reported in audited financial accounts.

I trust this information answers your questions.

You are entitled to seek a review of the response by the Ombudsman under section 28(3) of the Official Information Act. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or Freephone 0800 802 602.

Yours faithfully



Ailsa Claire, OBE  
Chief Executive

## Appendix 1: Re-Classification Entries for Change in CCOA

### Chart of Account Migration Reclassification Entries YTD to Mar-12

	Account	\$ '000
Credit adjustment to Management/Admin Personnel	2302	(17,100)
Represented by adjustments to:		
Personnel costs		
Medical Personnel	2002	16,346
Nursing Personnel	2202	472
Allied Health Personnel	2402	(567)
Support Personnel	2602	1,504
Outsourced Services		
Medical Personnel	3102	3
Nursing Personnel	3202	0
Allied Health Personnel	3302	0
Support Personnel	3402	0
Management/Administration Personnel	3502	3
Outsourced Clinical Services	3602	572
Outsourced Corporate/Governance Services	3702	(210)
Clinical Supplies		
Treatment Disposables	4002	2,590
Diagnostic Supplies & Other Clinical Supplies	4202	(14,999)
Instruments & Equipment	4302	24,146
Patient Appliances	4402	219
Implants and Prostheses	4502	(219)
Pharmaceuticals	4602	(499)
Other Clinical & Client Costs	4902	(503)
Infrastructure & Non-Clinical Supplies		
Hotel Services, Laundry & Cleaning	5002	0
Facilities	5102	0
Transport	5202	0
IT Systems & Telecommunications	5302	0
Interest & Financing Charges	5402	0
Professional Fees & Expenses	5502	0
Other Operating Expenses	5602	(11,759)
Democracy	5802	0
Subsidiaries, Joint Ventures & Minorities	5902	0
		<u>(0)</u>

## Appendix 2: Illustration of error correction for account miscoding

### Appendix 2(a)

ADHB Provider Arm		Account Group	YTD Oct-12	Jul-12	Aug-12	Sep-12	Oct-12
<b>Outsourced Services</b>							
Medical Personnel	3102	3,509	883	905	735	986	
Nursing Personnel	3202	815	45	273	245	251	
Allied Health Personnel	3302	362	77	97	99	89	
Support Personnel	3402	21	3	6	2	10	
Management/Administration Personnel	3502	1,717	371	3,244	550	(2,448)	
Outsourced Clinical Services	3602	12,536	2,740	2,882	2,705	6,774	
Outsourced Corporate/Governance Services	3702	12,857	2,885	2,882	2,778	4,312	
<b>Outsourced Services Total</b>	<b>3000</b>	<b>31,816</b>	<b>7,004</b>	<b>7,724</b>	<b>7,115</b>	<b>9,973</b>	

### Appendix 2(b)

ADHB - Group Consolidated		Account Group	YTD Oct-12	Jul-12	Aug-12	Sep-12	Oct-12
<b>Outsourced Services</b>							
Medical Personnel	3102	3,509	883	905	735	986	
Nursing Personnel	3202	815	45	273	245	251	
Allied Health Personnel	3302	362	77	97	99	89	
Support Personnel	3402	21	3	6	2	10	
Management/Administration Personnel	3502	2,036	396	3,268	550	(7,177)	
Outsourced Clinical Services	3602	12,536	2,740	2,882	2,705	6,774	
Outsourced Corporate/Governance Services	3702	12,857	2,885	2,882	2,778	4,312	
Outsourced Funder Services		-	-	-	-	-	
DHB Governance & Administration (Should be zero)		-	-	-	-	-	
<b>Outsourced Services Total</b>	<b>3000</b>	<b>32,136</b>	<b>7,029</b>	<b>7,748</b>	<b>7,115</b>	<b>10,244</b>	

### Appendix 3: Updated figures for 2012/13 financial year

#### Appendix 3(a)

Account Group	FY13 Full Year	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
<b>ADHB Provider Arm</b>													
<b>Outsourced Services</b>													
3102 Medical Personnel	10,281	883	905	735	986	834	869	864	645	821	880	777	1,082
3202 Nursing Personnel	2,593	45	273	245	251	200	322	156	194	237	199	251	220
3302 Allied Health Personnel	1,059	77	97	99	89	102	70	41	80	57	88	79	180
3402 Support Personnel	88	3	6	2	10	14	12	2	16	18	2	3	2
3502 Management/Administration Personnel	5,166	371	444	550	352	343	436	299	469	444	478	495	485
3602 Outsourced Clinical Services	31,808	2,740	3,117	2,705	3,974	3,595	3,087	2,175	1,478	2,773	765	2,680	2,719
3702 Outsourced Corporate/Governance Services	36,526	2,885	2,882	2,778	4,312	2,871	2,861	2,872	2,870	2,887	2,899	3,491	2,919
<b>Outsourced Services Total</b>	<b>87,523</b>	<b>7,004</b>	<b>7,724</b>	<b>7,115</b>	<b>9,973</b>	<b>7,960</b>	<b>7,657</b>	<b>6,409</b>	<b>5,752</b>	<b>7,237</b>	<b>5,310</b>	<b>7,776</b>	<b>7,606</b>

#### Appendix 3(b)

Account Group	FY13 Full Year	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
<b>ADHB - Group Consolidated</b>													
<b>Outsourced Services</b>													
3102 Medical Personnel	10,281	883	905	735	986	834	869	864	645	821	880	777	1,082
3202 Nursing Personnel	2,593	45	273	245	251	200	322	156	194	237	199	251	220
3302 Allied Health Personnel	1,059	77	97	99	89	102	70	41	80	57	88	79	180
3402 Support Personnel	88	3	6	2	10	14	12	2	16	18	2	3	2
3502 Management/Administration Personnel	6,055	396	489	550	623	397	518	353	563	478	516	556	696
3602 Outsourced Clinical Services	31,808	2,740	3,117	2,705	3,974	3,595	3,087	2,175	1,478	2,773	765	2,680	2,719
3702 Outsourced Corporate/Governance Services	36,526	2,885	2,882	2,778	4,312	2,871	2,861	2,872	2,870	2,887	2,899	3,491	2,919
Outsourced Funder Services	-	-	-	-	-	-	-	-	-	-	-	-	-
DHB Governance & Administration (Should be zero)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Outsourced Services Total</b>	<b>88,411</b>	<b>7,029</b>	<b>7,748</b>	<b>7,115</b>	<b>10,244</b>	<b>8,014</b>	<b>7,799</b>	<b>6,463</b>	<b>5,846</b>	<b>7,271</b>	<b>5,349</b>	<b>7,837</b>	<b>7,757</b>