

Media Statement

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Auditor-General's Report: Management of Specific Purpose Funds by Public Health Services

A report by the **Auditor-General, Des Pearson**, titled *Management of Specific Purpose Funds by Public Health Services*, was tabled in the Victorian Parliament today.

Public health services receive funds from various sources which are required to be spent for specified purposes in accordance with the providers' expressed wishes. These funds generally take the form of donations, bequests and research grants, and are commonly referred to as "Specific Purpose Funds" (SPFs).

Public health services reported in excess of \$255 million in SPF reserves in their 30 June 2007 financial statements. The audit focused on the management of SPFs at 4 public health services. Mr Pearson found that they had complied with the conditions set by the providers of SPFs.

Notwithstanding the positive findings from the audit, he did identify opportunities for public health services to improve their financial management policies and internal controls over the management of SPFs, specifically:

- none of the health services had documented internal policies that were fully consistent with, and comprehensively addressed, all matters included in guidelines for SPFs issued by the Department of Human Services (DHS)
- there were inconsistencies in the identification and classification of SPFs across and within the 4 health services
- only one of the health services examined provided monthly reports to the board of management which clearly distinguished whether cash and liquidity figures included restricted SPFs. Senior finance staff were, however, aware of the importance of monitoring the management of SPFs and were exercising adequate oversight of these funds.

Mr Pearson also identified opportunities for DHS to enhance the guidelines provided to the health service sector in this area and recommended that DHS should periodically review the sector's compliance the guidelines.

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Direct link to report: http://www.audit.vic.gov.au/reports_mp_psa/psa21cva.html

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