



18 May 2016

Integrity Reform Team

Department of Premier and Cabinet

1 Treasury Place

Melbourne VIC 3002

Submission made via the online portal: <http://rsvp.dpc.vic.gov.au/the-victorian-auditor-general-submission/>

Dear Integrity Reform Team,

Please find attached a submission from the Australian Dental Association Victorian Branch (ADAVB) in response to the community consultation on the role of the modern Auditor-General in the Victorian integrity and accountability system and the Auditor-General Discussion Paper. Should you require further information, we would be happy to expand on any of these responses.

Sincerely,

A handwritten signature in black ink that reads 'Garry Pearson'. The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Garry Pearson
ADAVB CEO

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Submission to the Community Consultation on the Victorian Auditor-General

About the Australian Dental Association Victorian Branch (ADAVB)¹

The Australian Dental Association Victorian Branch Inc. (ADAVB) is the peak professional membership body for Victorian dentists. We are committed to promoting the oral health of all Victorians and the professional lives of our members.

ADAVB welcomes the opportunity to comment on the consultation regarding the powers of the Victorian Auditor-General. Our comments are confined to those questions which may have direct relevance to the way in which public dental services are audited in Victoria.

An overview of public funding and public accountability in the Victorian community dental sector

There are 32 independent community health services, and 56 community health services that part of public health services, who are delivering care across the State², many of these operate public dental clinics. The majority of revenue to independent community health centres (over 80%) results from government funding. With annual budgets in the range of tens of millions per centre, the investment of public funds in these community health centres is substantial and warrants a high level of public accountability.

Public dental services in Victoria are currently delivered through Dental Health Services Victoria (DHSV), and over 50 entities, which are a mix of public health services, and independent entities, such as community health centres. In 2014-15 over \$110 million³ of public funding flowed through DHSV to these entities, for the primary purpose of delivering public dental care, yet many of these provider organisations are not subject to the scrutiny of the Auditor-General. This inconsistency results in a lack of transparency in the use of public funds, and could be contributing to disparate service outcomes.

We therefore welcome the proposed changes to the powers and scope of the Auditor-General, which will afford the Auditor-General the opportunity to 'follow the dollar', and expand audits to examine the utilisation of public funds and infrastructure by independent entities.

¹ For more information about the ADAVB see www.adavb.net

² Victorian Department of Health and Humans Services website: <https://www2.health.vic.gov.au/primary-and-community-health/community-health>

³ DHSV Annual Report 2014-15 Financial Statements, available at https://www.dhsv.org.au/_data/assets/pdf_file/0017/51119/annual-report-financial-report-2015.pdf

Answers to questions 3 and 5 from the Victorian Auditor General Discussion Paper

3. Should the Auditor General's role be expanded to include providing an audit opinion on the adequacy of financial controls, and/or on performance statements?

Yes. We believe that it is critically important to review the relevance, appropriateness, effectiveness and fairness of the Key Performance Indicators (KPIs) of public sector entities, as well as those independent entities who receive government funding to deliver public services.

In the case of the public dental sector, a limited number of KPIs are agreed in the Annual Statement of Priorities⁴, and these are mostly reported as a State-wide average. However, there are more than 50 separate entities who are responsible for delivering public dental care, through over 80 clinics, with very few public accountability measures in place for these individual entities. We believe that a stronger public accountability framework for agencies providing public dental care is warranted to help improve transparency and the confidence of the public in their public dental system. At present it would appear that the Auditor-General would not be required to express an opinion about the adequacy of these accountability measures in promoting strong performance across the sector, and would only need to comment as to whether or not these measures have been met.

The prime example of how this problem impacts transparency and accountability is that patient waiting time to access public dental care is reported as a State-wide average⁵, but in reality, there is no such thing as a State-wide waiting list, and people seeking public dental care are placed on a waiting list at their local clinic. The State-wide average waiting time could therefore mask large variations in waiting times between different providers. To our knowledge there is currently no requirement to report back to people who are on the waiting list regarding how long they can expect to wait to receive care. We also understand that some clinics may remove patients from the waiting list when the opportunity to book an appointment is offered, however the next available appointment may still be three or four months away.

Given that individual public hospitals are required to report on patient waiting times for a variety of medical services⁶, the public may well ask why providers of public dental care are exempt from this responsibility.

If the Auditor-General were empowered to audit all agencies that provide public dental services, and be required to include a review of the strength and appropriateness of KPIs, then these questions could be addressed.

⁴ For examples of KPIs for Victorian public dental care, see the '2015-16 Statement of Priorities between the Minister for Health and Dental Health Services Victoria', available at https://www.dhsv.org.au/_data/assets/pdf_file/0003/51762/Statement-of-Priorities-2015-16-signed-14-10-15.pdf

⁵ The average waiting time for general dental care is reported only as a State-wide average, which is presumably calculated based on the average waiting times reported by over 50 providers (see <http://performance.health.vic.gov.au/Home/Report.aspx?ReportKey=18>).

⁶ For example, in public hospitals, the average waiting time for general surgery is publicly reported on a quarterly basis, both as a State-wide average, and per hospital (see <http://performance.health.vic.gov.au/Home/Report.aspx?ReportKey=21>)

ADAVB is therefore strongly supportive of moves to empower the Auditor-General to ‘follow-the-dollar’ to undertake audits that include the independent entities who deliver publicly funded services, and also to require evaluation of the adequacy and appropriateness of financial controls, and performance statements, including Annual Reports.

Expanding the scope of the Auditor-General to include examination of the utilisation of public funds and infrastructure by independent entities, and to review the appropriateness of financial controls/performance indicators will of course require additional funding to ensure that the Auditor-General has capacity to perform this role. Given the importance of these actions to the Victorian integrity and accountability system, we urge the Government to make this a funding priority.

5. A) What powers, if any, should the Auditor General have to access premises in the course of an audit? B) What safeguards should be put in place to protect owners and occupiers, if such powers are provided?

Given the important role of the Auditor-General, it is appropriate for this office to have the power to call for persons to appear before him or her and access documents, and have penalties in place for non-cooperation. It is therefore reasonable to afford the Auditor-General some conditional statutory powers to enter premises as necessary in the conduct of an audit. These powers should encompass both government entities and publicly funded independent agencies that hold relevant information or deliver government-funded services. The Auditor-General has previously commented that embedding powers of access to premises in service-provider contracts is insufficient to allow the Auditor-General to discharge the responsibilities of this office⁷.

These powers should include the requirement that the Auditor-General issues a written notification to the owner/occupier of the premises, regarding access, and that access must occur at reasonable times. The legislation should also afford the relevant owner or occupier of the premises the time and opportunity to respond, and, if there are legitimate reasons to challenge the right to entry, request a review by an independent arbiter, who would be empowered to make the final decision as to whether or not the Auditor-General may enter the premises in question.

⁷ Public Accounts and Estimates Committee of Victoria Inquiry in the Victoria’s Audit Act 1994: submission from the Victorian Auditor-General’s Office in response to the PAEC Discussion Paper (p. 16), 18 March 2010. Available at http://www.parliament.vic.gov.au/images/stories/committees/paec/audit_act_1994/submissions/Victorian_Auditor-Generals_Office.pdf