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Services delivered at Fiona Stanley Hospital are acceptable but improvements needed in cost and contract management

In his latest report tabled today in Parliament, Auditor General Colin Murphy found overall the non-clinical services delivered at Fiona Stanley Hospital are acceptable but improvements needed in cost and contract management.

The *Non-Clinical Services at Fiona Stanley Hospital* audit assessed whether the delivery of non-clinical services was at the cost expected and if South Metropolitan Health Service (SMHS) effectively monitored and enforced the contract.

Mr Murphy said SMHS has the resources and processes in place to manage the contract but could be doing more to track the total cost of the contract.

'The contract is costing more than originally estimated, and with patient numbers having grown faster than planned, increasing service demand and costs, the cost impact needs to be monitored.

'SMHS need to be thinking what this might mean over the 10, 15 or 20 years that the contract could last.

'We also found that the contract includes extensive reporting to ensure compliance with requirements and contract specifications which to date has required a lot of effort on both sides,' Mr Murphy said.

Recommendations in the report include streamlining the significant amount of information reported and using it to identify service improvements and efficiencies.

We found contract disputes are lengthy and could add between \$6 and \$7 million to contract costs, and differences of interpretation could potentially add further costs.

Although service delivery has not been affected, the longer the disputes last, the greater the risk to service continuity.

Mr Murphy said SMHS and the facilities manager need to find more efficient ways to resolve the disputes in shorter periods of time to minimise any risk to the delivery of services.

The audit was undertaken early in the contract enabling implementation of lessons learnt to ensure that future years are efficient and serve the needs of the hospital.

The Auditor General's report, *Non-Clinical Services at Fiona Stanley Hospital* (Report 14 – 2017), is available on the Office of the Auditor General website at www.audit.wa.gov.au

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