



Victorian Cytology Service

A.B.N. 35 430 554 780

Annual Report 2001

for the year ended 30 June

Table of Contents

	Page
Historical Background of VCS	2
2000 - 2001 Activity	4
Board of Management	8
Senior Officers of VCS	9
Diagnostic Activities	10
Financial Activities	11
Space & Equipment	11
Staff.....	12
Training and Education	13
Publications for VCS during 2000/2001.....	15
Other Activities.....	15
Conclusion.....	17

Appendix A
Financial Statements of Victorian Cytology Service Incorporated

Appendix B
Auditor's Report

Historical Background of VCS

The Victorian Cytology Service (VCS) was founded as a joint preventative health initiative between the Government of Victoria and the Anti Cancer Council of Victoria. Activities commenced early in 1965 following an "Order to establish a Benevolent Society" under the Hospital and Charities Act 1958 (gazetted 9 December 1964) when the Minister of Health invited a group of persons to form a Board, under the chairmanship of Professor Sydney Lance Townsend. The Service was to operate with the following objectives:

- i) to provide in Victoria facilities for research and investigation with respect to the cytological examination of gynaecological specimens associated with cancer detection and to undertake such research and investigation;
- ii) to provide a free laboratory service for examination of specimens submitted;
- iii) to provide for collection of material for examination and the notification of results of such examinations through the legally qualified medical practitioner submitting such material;
- iv) to make arrangements as are necessary with any public or private hospital or the Cancer Institute or any other body or any person having a similar or allied purpose.

For its first twenty-seven years, the Service was hosted by Prince Henry's Hospital under an agreement by which the Director of VCS was also Director of the Hospital's Department of Cytology. The two services operated in an integrated way such that the predominantly non-gynaecological requirements of the hospital provided training opportunities and a variety of work for VCS staff, features which are essential to develop and maintain a high level of skill in the discipline of cytology. In return, VCS provided the opportunity for Prince Henry's Hospital scientific staff and pathologists to develop skills in gynaecological cytology. A resource of pathologists who shared the autopsy and surgical pathology duties of the department of Anatomical Pathology and the varied workload of the cytology service was thus created to the mutual advantage of all.

During the first fifteen years of operation, in excess of 90% of the smears performed in Victoria were reported by VCS. This proportion decreased during the early 1980s due to the expansion of private pathology services. The decline was assisted by the under-resourcing of VCS over this period resulting in delays of up to three weeks in reporting smears.

Since 1989, when VCS was once again resourced appropriately, VCS has retained approximately 45% of all smears in Victoria. This has been achieved by a program of continuing productivity and workflow improvement. There has been progressive improvement in turnaround time such that throughout most of the year 95% of all smears received are reported by the end of their second day in the Service. VCS is continuously striving to maintain its market share in a climate of increasingly aggressive competition from a private sector which is now almost completely controlled by large commercial interests. This can only be achieved by maintaining a focus on the high quality of our scientific products.



Historical Background of VCS (contd)

In June 1989 under an amendment to the Cancer Act 1958, called the Cancer (Central Registers) Act 1989, legislation was passed in Victoria *to allow formation of a Cervical Register maintained by the Victorian Cytology (Gynaecological) Service*. Core activity of the Register, subsequently known as the Victorian Cervical Cytology Registry (VCCR) was to register tests for cervical cancer for Victorian women permitting an organised infrastructure to the screening program in Victoria. This was the first such Register in Australia. Over the past ten years other States have established similar facilities. A separate report details the function and activities of VCCR, which has continued to be maintained by VCS.

From 1992 until July 2000, VCS was contracted to implement the Registry for BreastScreen Victoria. Appointments for women, invitations to women, reminders for repeat screening and statistical reporting were among the functions of the Registry. Although this activity resulted in a restriction of space available to the core activities of VCS, the opportunity to utilise available skills and experience in this important initiative justified the resulting sacrifices.

In December 1991 following the closure of Prince Henry's Hospital, VCS moved to its purpose-built location on the ground floor and mezzanine of the new carpark at the Royal Women's Hospital. The location, on the corner of Faraday and Swanston Streets, opposite the University of Melbourne has been most beneficial in developing new links with the University, and facilitating previously existing associations with the Royal Melbourne Institute of Technology (RMIT), The Key Centre for Women's Health and the Melbourne Sexual Health Centre.

During the past seven years VCS pathologists have been contracted to the Pathology Department of the Royal Women's Hospital (RWH) to report surgical pathology on a sessional basis. This has served to provide some diversity of work for VCS pathologists whilst maintaining and expanding their skills in the highly specialised field of gynaecological pathology.

This and other continuing initiatives to build scientific bridges between public sector pathology departments aim to develop a broader range of duties for VCS cytopathologists in order to make these positions more attractive to well trained specialists for whom the rather limited task specification previously in place was not significantly challenging. It is hoped that similar programs of staff exchange may become possible for other members of the scientific staff.

Since its inception, VCS has been the only formal training institution for cytologists (scientists specialising in cytology) and cytopathologists in Victoria. The cytology component of the Bachelor of Applied Science (Medical Laboratory Science) from RMIT has been coordinated and taught by VCS staff. Scientists and pathologists from interstate and overseas have visited the Service for initial and refresher training and to take part in these formal courses.

VCS continues to attract visitors from abroad who are concerned with developing screening programs for cervical pre-cancer and cancer in their own countries. Staff of VCS have a high profile in the professional framework of cytology in Australia and overseas, as evidenced by publications in the Australian and international medical literature, and invited participation at scientific meetings.



2000 - 2001 Activity

Completion of Cytology Information System (CIS)

The CIS project was completed in July 2000.

Relocation of Victorian BreastScreen Registry

The Victorian BreastScreen Registry (VBR) relocated to its new premises in Pelham Street on 26 July 2000. A Memorandum of Understanding regarding finalisation of financial arrangements was signed by Ms Onella Stagoll, Director of the BreastScreen Coordination Unit and Dr Marion Saville, Director of VCS.

With the departure of MITS staff and the departure of VBR it has been possible to reconfigure the training area and Board Room. This has enabled us to resume our courses for cytopathologists and cytotechnologists.

Cytopathology & Cytotechnology Courses

The courses for cytopathologists and cytotechnologists held in September 2000 were once again over subscribed with eight participants attending each course.

Feedback from course participants indicated that they regarded the course as valuable and once again there is a waiting list of scientists and pathologists interested in attending our courses in 2001.

NATA Inspection

The NATA inspection took place on 26 October 2000 as scheduled. Because of changes to the Cytology Information System (CIS) and associated work practice changes, a major revision of the policy and procedures manual was necessary. In addition to this NATA now accredit to a new standard (ISO/IEC17025) with new additional requirements including an overarching Quality Manual, a formalised complaints system, a process of management review, and a formalised audit process.

Following the inspection, accreditation was extended for a further three years contingent upon the laboratory appointing a Quality Manager and establishing a regular program of internal audits and management review by the end of February 2001. These latter requirements are part of the new standard, ASISO/IEC17025, against which we were accredited for the first time.

On 2 January 2001, Mr John Good took up the position of Quality Manager on a half-time basis to establish and administer a system of internal audits under the supervision of the Director and Deputy Director. The Quality Manager will also assist the Director and Deputy Director in preparing for, and carrying out, the annual management review.

The NATA report of the accreditation visit again commented on the excellent standard of operations at VCS.



2000 - 2001 Activity

Electronic Transfer of Results (ERT)

The IT Department has continued to connect practices to VCS to enable electronic downloading of results directly to practitioners. At 30 June 2001, 244 places had been connected. VCS is currently able to offer the service to practitioners who use Medical Director®, Medical Spectrum, RX Medical, MIMS or Locum.

Cytopathologists

Both Dr Amanda Charlton and Dr Alison Skene were offered ongoing employment with VCS following the completion of their contract in February 2001. Dr Skene accepted the offer of employment and was appointed to the full-time medical staff on 14 February 2001. However, Dr Charlton returned to New Zealand for personal reasons.

Dr Kerryn Ireland-Jenkin and Dr Prue Russell joined VCS in February 2001 as Cytopathology Fellows. They were appointed for a total of 16 months, four months of which was spent in training and 12 months contributing to the regular reporting of the Service. As a result it is expected that when the new Fellow or Fellows commence in 2002 there will be sufficient overlap to ensure that there is an adequate number of pathologists throughout the early months of the year.

Dr Huw Llewellyn, who previously worked at VCS from 1995-97, also accepted an offer of employment and returned to VCS on 30 April 2001. Dr Jackie Collett commenced sessional work with VCS on 4 October 2000.

Dr Gabriele Medley – Member of the Order of Australia

Dr Medley was honoured in this year's Australia Day Awards with the Member of the Order of Australia (AM). The award was for *service to medicine and women's health through the Victorian Cytology Service, particularly in the field of cervical cytology and pathology, and to the development of Pap smear testing, reporting and screening programs*. All staff were invited to morning tea to congratulate Dr Medley on this prestigious award.

Review of Pathology Legislation

The Commonwealth is currently undertaking a review of pathology legislation. In response to an invitation for submissions, a submission was made in relation to the patient episode initiation (PEI) fee, specifically the unavailability of this fee within the public sector.

Research Activities

- ◆ Controlled study to look for AIS precursors in Pap smears. Data collected, currently in analysis.
- ◆ Controlled study of endometrial cancers presenting in Pap smears. Can serous tumours be predicted? Data collection underway.
- ◆ Randomised trial of ThinPrep vs Conventional Pap Smears. Draft trial protocol written. Sample size consultancy underway.
- ◆ Randomised trial of Rapid Prescreen to improve detection of high-grade abnormalities.



2000 - 2001 Activity (contd)

Health Program Grant

Following the cessation of the Health Program Grants, the screening staff in the Commonwealth Department had advocated for VCS to receive its funding as a dedicated line item in the Public Health Outcome Funding Agreements (PHOFAs). It was proposed that the funding come to VCS via the Victorian Department of Human Services (DHS), thus continuing our close relationship with DHS and securing the additional funding received from them.

The agreement to continue VCS funding through the PHOFAs was finalised in early 2001. An amendment will be made to the current PHOFA and negotiations are well underway with the Department of Human Services for the budget for the financial year 2001/2002. As part of the agreement VCS is required to provide Medicare equivalent data to the Health Insurance Commission.

Lecture Activities

Dr Medley and Dr Saville both presented lectures at the Australian Society for Colposcopy and Cervical Pathology Training Course in Sydney.

Dr Stella Heley and Dr Saville continue to provide lectures to Divisions of General Practice as part of their continuing education programs, focussing on issues related to cervical screening. Talks have been given on behalf of the Bendigo, Monash, Otway and West Gate Divisions of General Practice.

Dr Medley delivered a number of presentations at the 14th International Congress of Cytology held in Amsterdam in May 2001.

Both Dr Medley and Dr Mitchell participated in the Taskforces for the 3rd Bethesda Conference. It is expected that changes to the Bethesda System (the international system of reporting cervical cytology) will mean that it is much closer to the Australian system for reporting cervical cytology.

Drs Saville, Mitchell and Medley have been invited to speak at the 2001 Annual Scientific Meeting of the Australian Society of Cytology (ASC). It is anticipated that consideration will be given to a recommendation by the ASC that Australia should adopt the revised Bethesda reporting system.

CME Accredited Workshops in Cervical Cytology

VCS is now able to offer CME accredited workshops in cervical cytology. The workshop entitled "The Pap Smear – an update for GPs" has been assessed as a Continuing Medical Education activity by RACGP at the rate of two points per hour. Interest in the workshops conducted by our Liaison Physician, Dr Stella Heley and our Client Services Officer Ms Lisa Garay has been steadily increasing.



2000 - 2001 Activity (contd)

Prescreening

A program of rapid preview screening of all smears reported by this laboratory was implemented on 4 June 2001 for a period of eight weeks on a trial basis. The pilot was constructed as a randomised controlled trial. 50% of all smears reported by this laboratory were subject to the new process, the remaining 50% were reported as usual. At the end of the trial period we will determine whether the detection rate of abnormalities has improved and whether it has improved across both groups (presumably because of the greater level of vigilance) or whether there is a higher detection rate amongst the slides subjected to the new preview screening process. The results of this trial will inform future policy.

Histopathology Tender

VCS submitted the successful tender in response to Commonwealth RFT119/0001, *A Survey & Analysis of Current Practice in Cervical Histopathology in Australia* seeking parties to undertake a national survey in relation to cervical histopathology quality.

Liaison Physician & Client Services Officer

The important roles of the Client Services Officer and the Liaison Physician continue with these staff working closely with many VCS referring practitioners. The Client Services Officer and the Liaison Physician are available to visit practices and in the case of the Liaison Physician to provide lectures on any topic related to cervical screening. Senior Cytopathologists continue to provide advice to practitioners who wish to discuss issues surrounding the reporting and the pathology of cervical disease. Together these teams continue to provide an experienced and comprehensive support facility that communicates the commitment of VCS to the highest achievable quality of service to Victorian women and their healthcare practitioners. Updates to practitioners about the changing roles of new technologies, changes to our follow-up service and other items relating to cervical screening form the major component of the regular Newsletters to practitioners that have been a feature of the VCS service for some years.

Board Review

On 31 January 2001 Board Members and key stakeholders from both the State and Commonwealth Departments of Health participated in a Strategic Planning Workshop facilitated by Ms Jenny Varcoe-Cocks, Management Consultant.

The workshop was divided into three modules:

- ◆ Strategic
- ◆ Board Resources
- ◆ Future Direction

A report of the Strategic Planning Workshop was circulated to Members in February this year.



Board of Management

During this year there has been two resignations from the Board of Management.

Mrs Mary Murdoch, one of the two representatives on the VCS Board from the Royal Women's Hospital resigned on 31 December 2000. Mrs Murdoch's appointment to the Board was approved by Minister of Health in 1992. VCS is extremely grateful for the time and energy that Mrs Murdoch was able to commit to the Board over the last eight years.

Ms Janice Carpenter, the representative of users/clients of the Service, also tendered her resignation in December 2000. Ms Carpenter had served on the Board for four years; she is sincerely thanked for her contribution.

Dr Chris Bayly's appointment to the Board was approved by the Minister for Health in March 2001. Dr Bayly had been nominated by the Board of Management of the Women's & Children's Healthcare Network as a representative of the Royal Women's Hospital.

Ms Pat Hill's appointment to the Board was approved by the Minister on 15 June 2001. Ms Hill will represent users/clients of the Service.

The management and staff continue to be grateful for the generosity of Board Members in making themselves available both for meetings and for consultation when there is a specific need of individual expertise. At a time when public sector facilities such as VCS are implementing their commitment to high quality competitive service necessary for their survival, the opportunity to have access to such a body of experience is invaluable.

Board Members

Professor Michael Quinn (Chairman)
Dr Elisabeth Banks (Vice Chairman)
Mrs Kerry Bradley (Honorary Treasurer)
Ms Sandy Anderson
Dr Chris Bayly
Professor Gordon Clunie
Ms Pat Hill

Dr Susan Hughes
Ms Elizabeth Kennedy
Dr Deborah Neesham
Ms Kate O'Brien
Ms Dorothy Reading
Dr Julia Shelley

Membership of the Board of Management of VCS is an honorary appointment.

The Rules of Incorporation of VCS do not require Members of the Board of Management to lodge declarations of pecuniary interest.



Senior Officers of Victorian Cytology Service Incorporated

Director and Public Officer

Marion Saville
MBCHb, Am Bd (Anat Path & Cytopath), FIAC,
Grad Dip Med (Clin Epi)

Deputy Director, Epidemiologist, Medical Director of VCCR

Heather Mitchell,
MB, BS, MD, MSc, FRACP, FAFPHM

Director Emeritus

Gabriele Medley
AO, MB, BS, FRCPA, FIAC

Business Manager

Brian Salter

Pathologists

Prudence Elizabeth Allan MB, BS, FRCPA
Huw Llewellyn MB, BS, BSc (Hons), FRCS,
FRCPA

Henry Yeung MB, BS, FRCPA

Alison Skene MB, BS, FRCPA

Jackie Collett MB BS, FRCPA

Trainee Cytopathologists

Kerryn Ireland-Jenkin MB, BS, FRCPA

Prudence Russell MB, BS (Hons), FRCPA

Liaison Physician

Stella Heley BA (Hons) MB, BS, Dip Ven (Lond),
FACSHF

Chief Scientist

Linda Brown BAppSc, HNC (MLS), CT(ASC),
CT(IAC)

Information Technology Manager

Matthew Cunningham BBus(InfoSys)

Coordinator of VCCR

Vicky Higgins MRA

Teaching Coordinator

Debbie Reich
BAppSc, CT(ASC), CT(IAC) Grad Dip Ed

Accountant

Chris Platford BBus(Acc)

Personnel Officer

Yvonne Sheppard

Quality Manager

John Good BAppSc

Cytopathologists remain scarce both in Australia and overseas. VCS has been fortunate once again to receive funds from the Victorian Cervical Cancer Screening Program to assist with training cytopathologists.

The position of Liaison Physician with VCS, held since its inception by Dr Stella Heley, has once again been funded by the Victorian Cervical Cancer Screening Program. Dr Heley has the responsibility of visiting practitioners to discuss issues surrounding their utilisation of the program, to assist in further development of sampling skills, and to familiarise them with VCS reporting, follow-up, and other new initiatives as they occur.



Diagnostic Activities

The number of Papanicolaou tests received during the year was 275,754.

	2000		2001	
July	22,548	January	21,024	
August	24,655	February	24,524	
September	20,771	March	24,768	
October	24,087	April	19,425	
November	24,620	May	26,831	
December	18,652	June	22,508	

61 non-gynaecological cytology specimens were processed. These included urine samples, bronchial brushings and washings, and fine needle aspirates of lesions for diagnosis, in particular breast aspirates for early detection of abnormalities.

1407 histology specimens were processed. The majority of these specimens were cervical biopsies from a small number of colposcopists working in metropolitan Melbourne. This represents a 14% increase in the number of tests since the previous year.

In this financial year there have been 1,708 PAPNET tests requested. This represents a reduction of approximately 26% since last year. During 2000/2001 there were 12,725 ThinPrep tests requested, an increase of 28% compared to the previous financial year.



Financial Activities

These are considered in the attached papers.

In this financial year the target for base funding was set at 280,000 smears.

The VCS budget for the financial year 2000/2001 was approved on 3 November 2000.

The provision of funds from the Victorian Cervical Cancer Screening Program has once again enabled important training and quality improvement initiatives to be implemented that would be unachievable within the base funding. This has enabled the organisation to continue its important role in the Victorian program to improve women's health.

Space and Equipment

With the departure of the MITS team in July 2000 and the relocation of the BreastScreen Registry, the pressure on office space has eased considerably.

Equipment purchases for the financial year 2000/2001 were as follows.

	\$
SUN Server upgrade	146,480
Timemaster Payroll System	37,442
Olympus Microscopes	13,961
Microscope Camera	9,465
Centrifuge Unit	4,606
Building Works	26,577
PC Equipment	28,788
CIS Completion	13,468
Courier Vehicle	18,668
TOTAL	\$299,635



Staff

The staff is the most important resource of the Service.

In the clerical area we have not filled the position of Office Services Coordinator. The three Office Supervisors continue to report directly to the Business Manager.

The Department of Anatomical Pathology at the Royal Women's Hospital has moved to a new location. Our relationship with this department via Melbourne Pathology continues. VCS pathologists continue to report gynaecological and breast histopathology at the Royal Women's Hospital. In addition they attend the Clinico-pathologic conferences resulting in improved communication between gynaecologists and VCS pathologists. With the growing histopathology practice at VCS, there is an increase in the number of cases where correlation between the cytology and histology facilitates the management of the woman.

Ms Lisa Garay continues as Client Services Officer. The market continues to be intensely competitive. Some private pathology providers are able to offer incentives, which are unable to be offered by VCS, and this means it is essential we highlight the quality of our service and specialised skills. The major activity for the current year has been the rollout of facilities to enable electronic downloading of reports direct to practitioners' computers. Almost all practitioners wishing to have this service have now been visited and had the service set up. We continue to handle new requests as they are made. We are now able to download results into a variety of different types of practice management software.

With the resignation of our Senior VB Programmer, the IT Department was restructured. Two RMIT Computer Science students were employed to provide both internal and external technical assistance. Matthew Boler who has worked for the organisation for some years expressed an interest in VB programming and undertook training in this area. Under the supervision of Matthew Cunningham (IT Manager) and David Lee (contracted from MITS), Matthew Boler has produced enhancement work of an extremely high quality.

The alternative strategy would have been to recruit an experienced VB programmer. However this would have been considerably more expensive and in addition, anyone employed from outside would take several months to acquire a sufficient level of knowledge of VCS business to enable them to write these enhancements.

Dr Gabriele Medley continues to consult with the New Zealand Health Funding Authority. Her continued participation in these activities provides revenue to VCS and also enhances our international reputation.



Training and Education

Cytopathologists - Internal Initiatives

The internal program of continuing staff education centres around four main areas:

1. Consistency of reporting of abnormalities.
2. Correlation of cytological prediction with subsequent histological diagnosis of cervical lesions.
3. Productivity in relation to reporting of smears.
4. Maintaining and improving relationships with referring practitioners including telephone and face to face presentation.

Regular meetings and review of cases at the multi-head microscope are an ongoing element of the quality assurance process. Histology information obtained from our follow-up program is correlated with cytology predictions and returned for review to scientists and cytopathologists when there appears to be a discrepancy. Elements of inconsistency (which are an inherent part of a subjective discipline such as cytology) are discussed and addressed by quality assurance test sets followed by multihead microscope consensus discussions. Biopsy material kindly lent by other pathology laboratories enables staff to review the biopsy and smears together. Pathologists are encouraged to meet with peers from other laboratories to exchange information. Attendance and participation in meetings of learned societies is encouraged.

Regular sessions with the pathologists and members of the Dysplasia Clinic staff from RWH are held at the multihead microscope. Clinico-pathological correlation of cytology with biopsy specimens forms the basis of clinical decision-making to optimise future management of women who may pose problems.

External Initiatives

The annual in-depth practical two-week course for pathologists wishing to report cytology was held in August 2000. This initiative is self funding and utilises the extensive teaching resources of VCS and external lecturers who contribute in areas of their individual expertise.

VCS pathologists take part in the Quality Assurance Protocols of the Royal College of Pathologists of Australasia and the American Society of Clinical Pathologists in both histopathology and cytopathology. Performance continues to be well above average.

There is continuing participation in educational activities of the RCGPA, Family Planning Victoria, the College of Venereologists, the continuing education programs of the Anti-Cancer Council of Victoria and other bodies involved in continuing education of medical and nursing practitioners. There is also a commitment to initiatives to inform women in the Victorian community of the value and limitations of screening programs.

With the recent change in the curriculum in the Medical Course of the University of Melbourne, we are currently negotiating with the Department of Pathology about the future role of VCS in undergraduate teaching.



Training and Education (contd)

Scientists - Internal Initiatives

The internal program continues to have three elements, viz:

The training of scientists as screeners of cervical smears continues to be funded by the Health Development Infrastructure Unit of the Department of Human Services. Previously employed cytotechnologists and those returning after extended leave undergo retraining prior to independently reporting smears.

The in-service continuing staff education is designed to communicate scientific advances to staff, and to ensure that there is feedback and remedial education as a result of data generated by the computer in the areas of diagnosis and productivity of screeners.

The comprehensive internal quality control protocols that have been established within VCS continue to operate. Participation by the scientists in the Cytopathology Quality Assurance Protocols of the Royal Australian College of Pathologists, has again yielded excellent results.

External Initiatives

In June 2001, one VCS scientist sat and passed the CT(ASC) - the certificate of competence issued to successful candidates by the Australian Society of Cytology. The examination was held in Perth WA. It has been VCS policy to encourage all scientists to present for this examination as soon as they have fulfilled the specified criteria of experience, and VCS staff have in past years performed extremely well in these examinations.

Scientists are encouraged to attend and participate in meetings of learned societies such as the regular local workshops of the Victorian Branch of the Australian Society of Cytology. The ASC Annual Scientific Meeting was held in Broome WA from 22-24 June 2000. Three members of VCS scientific staff attended this meeting. VCS provided financial support for airfares and conference registration.

The external program of teaching cytology as a component of the Bachelor of Applied Science (Medical Laboratory Science) at RMIT continues. It is considered that this is an important initiative by which VCS has continuing input into the recruitment and training of cytologists statewide and thus has a significant role in the setting and maintenance of cytology standards.

The annual two-week course in gynaecological cytopathology for scientists, similar to the course for cytopathologists was held in September 2000. This initiative is self-funding and provides an opportunity for exchange of information with staff from other centres as well as a challenge to teaching skills.

Dr Andrew Miller, a New Zealand pathologist, spent six months at VCS from February 2001 training in cytopathology. Dr Miller's training was fully funded by his employer Capital Coast Health, Wellington, New Zealand.



Training and Education (contd)

Dr Uyanga Gotov, a pathologist from Mongolia, also spent 10 weeks at VCS from 12 February to 20 April 2001 undertaking an intensive course in cytopathology. Ms Debbie Reich, the VCS External Teaching Coordinator, once again accompanied a multidisciplinary team to Mongolia on 18 June 2001 to support and evaluate a training program for Mongolian doctors conducted by Dr Enkhytua and Dr Uyanga, both of whom had spent time at VCS.

Ms Reich provided didactic teaching sessions on all major topics in cervical cytology as well as providing and discussing daily tests to evaluate the participants' progress. Teaching was performed using a TV camera microscope system with Drs Enkhytua and Uyanga acting as interpreters.

Publications from VCS during 2000/2001

Heley S

Is a Pap smear enough?

Australian Family Physician June 2001;30:535-538

Other Activities

During this year both the Director, Dr Marion Saville and the Deputy Director, Dr Heather Mitchell have continued to participate in activities associated with the cervical screening program in both professional development and community education.

Dr Saville presented the following talk during 2000/2001.

- ◆ October 2000 Invited Speaker to Tasmanian Branch of Australian Society of Cytology
Thin Layer Cytology – Practical Issues.

Dr Saville is a member of the following committees:

- ◆ Evolving Technologies Committee of the International Academy of Cytology
- ◆ Membership Committee of the International Academy of Cytology
- ◆ Executive Committee of the ASC Victorian Branch
- ◆ Advisory Committee for PapScreen Victoria
- ◆ RMIT Medical Laboratory Science Course Advisory Committee
- ◆ RCPA Cytopathology QAP Committee



Other Activities (contd)

Dr Mitchell was an invited Co-moderator for the *Specimen Adequacy Forum* for the Bethesda 2001 Workshop. She continues as Chair of the National Advisory Committee of the National Cervical Screening Program and is a member of the following committees:

- ◆ Chair, National Advisory Committee, National Cervical Screening Program
- ◆ New Technologies Working Group, National Cervical Screening Program
- ◆ Policy and Cost Effectiveness Working Group, National Cervical Screening Program
- ◆ Steering Committee for Review of NHMRC Guidelines for the Management of Women with Screen Detected Abnormalities
- ◆ National Screening Information Advisory Group, Australian Institute of Health & Welfare
- ◆ Monitoring Working Group, National Breast Cancer Centre
- ◆ Executive Committee, Australian NHMRC Twin Registry
- ◆ Advisory Committee for PapScreen Victoria

Dr Mitchell presented the following talks or participated in the following initiatives during 2000/2001.

- ◆ August 2000 & May 2001 Invited Lecturer to Family Planning Association course on Women's Health, Melbourne.
- ◆ August 2000 Invited Speaker to "Queensland Health Cervical Screening Program Symposium," Brisbane.
- ◆ November 2000 Invited Speaker to COSA meeting, "The Role of Cancer Registries in the 21st Century," Adelaide.
- ◆ March 2001 Invited Panel Member to "WHO Workshop on Information Needs for Cervical Screening in Latin America," Washington, USA.
- ◆ May 2001 Invited Speaker to NCCI/ASCCP Workshop "Moving forward on Cervical Cytology," Perth.



Conclusion

The Victorian Cytology Service has completed another challenging year in which the ability to change, both within the organisation and in the broader context of the community, has been of paramount importance. It has done so by the coordinated efforts of the staff, with the support of the Board of Management, the Health Development Infrastructure Unit of the Department of Human Services, and the referring base of practitioners who send smears to VCS.



AGENCY CERTIFICATION

Manager's Annual Certificate

We certify that
Victorian Cytology Service Inc

Has complied with the terms and conditions of the Service Agreement for the year ended 30/6/01 and has expended funding received from the Department of Human Services on the services as specified in schedule 3 of that Agreement.

We certify that the Agency is viable to continue to provide services on behalf of the Department of Human Services.

Any Financial Accountability Statements required to be provided with this return:

- * fairly present the transactions for the year then ended and the balances as at 30/6/2001 as required by the Department of Human Services; and
- * have been extracted from the accounting records of the Organisation which have been prepared on the basis of accounting policies consistent with applicable Australian Accounting Standards.
- * are GST exclusive for the Statement of Revenue and Expenditure (where it is required)

Michael Quinn

Chairperson


(SIGNATURE)

5/10/01
(DATE)

Brian Salter

Principle Accounting Officer


(SIGNATURE)

5/10/01
(DATE)

VICTORIAN CYTOLOGY SERVICE INCORPORATED

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE
2001**

	NOTES	TOTAL 2000/01 \$	TOTAL 1999/00 \$
Operating Revenue Providing Funds Inflows			
Services Supported by Health Service Agreement			
Operating Grants		5,275,422	5,140,920
Program Grants		333,928	426,047
Indirect Contributions by Human Services	2	2,230	74,083
Bank Interest	3	148,614	117,659
Gain on Sale of Equipment	4	9,200	57,071
Funds received for Restricted Purposes		542,241	471,763
Other		61	280
TOTAL OPERATING REVENUE PROVIDING FUNDS		6,311,696	6,287,823
Operating Expenses Requiring Funds Outflows			
Diagnostic and Medical Support Services		3,822,604	4,099,561
Administration		728,060	752,007
Program Expenditure		374,789	333,554
Engineering and Maintenance		43,387	28,741
Domestic and Catering Services		17,772	14,555
Corporate Costs Funded by Human Services	2	2,230	74,083
Workcare		27,431	18,702
Superannuation	10	333,295	306,719
Teaching and Research		12,884	13,163
Funds paid from Restricted Purposes		461,631	415,094
Doubtful Debts for Restricted Purposes		9,007	7,198
TOTAL OPERATING EXPENSES REQUIRING FUNDS		5,833,090	6,063,377
Operating Surplus (Deficit) Providing Funds Inflows		478,606	224,446

VICTORIAN CYTOLOGY SERVICE INCORPORATED

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE
2001**

	NOTES	TOTAL 2000/01	TOTAL 1999/00
		\$	\$
<hr/>			
Operating Expenses Not Requiring Funds Outflow			
Depreciation		438,051	367,784
Employee Entitlements Provision		129,243	(169,882)
		<u>567,294</u>	<u>197,902</u>
Operating Surplus / Deficit for the Year		<u>(\$88,688)</u>	<u>\$26,544</u>

VICTORIAN CYTOLOGY SERVICE INCORPORATED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2001

	NOTES	TOTAL 2000/01 \$	TOTAL 1999/00 \$
Equity			
Capital			
Funds held for Restricted Purposes		812,249	740,646
Reserves			
Retained Surplus		1,728,745	1,889,036
Total Equity		<u>2,540,994</u>	<u>2,629,682</u>
Current Liabilities			
Prepaid Course Fees		27,500	26,650
Creditors		190,975	187,992
Accrued Expenses		132,564	115,782
Provision for Employee Entitlements	5	1,286,892	1,280,893
Total Current Liabilities		<u>1,637,931</u>	<u>1,611,317</u>
Non Current Liabilities			
Provision for Employee Entitlements	5	430,628	307,383
Total Liabilities		<u>2,068,559</u>	<u>1,918,700</u>
Total Equity & Liabilities		<u>4,609,553</u>	<u>4,548,382</u>
Current Assets			
Cash at bank & On Hand		67,917	23,293
Stores	6	297,644	247,225
Debtors and Accrued Revenue	7	244,924	392,955
Short Term Investments	8	2,372,103	2,154,616
Total Current Assets		<u>2,982,588</u>	<u>2,818,089</u>
Non Current Assets			
Plant & Equipment	9	1,265,336	1,415,763
Motor Vehicles	9	361,629	314,530
Total Non Current Assets		<u>1,626,965</u>	<u>1,730,293</u>
Total Assets		<u>4,609,553</u>	<u>4,548,382</u>

VICTORIAN CYTOLOGY SERVICE INCORPORATED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2001

	FUNDS HELD FOR RESTRICTED PURPOSES	RETAINED SURPLUS	TOTAL 2000/01	TOTAL 1999/00
	\$	\$	\$	\$
Balance at beginning of year	740,646	1,889,036	2,629,682	2,603,138
Surplus/(Deficit) for Year	-	(88,688)	(88,688)	26,544
Funds transferred in for Restricted Purposes	71,603	(71,603)	-	-
Balance at end of year	<u>812,249</u>	<u>1,728,745</u>	<u>2,540,994</u>	<u>2,629,682</u>

VICTORIAN CYTOLOGY SERVICE INCORPORATED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2001

	NOTES	TOTAL 2000/01 \$	TOTAL 1999/00 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Services Supported by Health Service Agreement			
Receipts (inclusive of goods and services tax)			
Operating Grants	15	5,968,411	5,136,325
Program Grants		367,321	422,887
Registry Operating Grants	15	889,939	-
Interest		154,219	118,906
Funds received for restricted purposes		578,867	467,384
Other		29,594	-
Payments (inclusive of goods and services tax)			
Salaries and Wages		(4,379,631)	(4,502,383)
Registry Operating Grants	15	(889,939)	-
Other		(2,110,452)	(1,686,582)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	12	608,329	(43,463)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for purchase of plant, equipment & motor vehicles		(642,159)	(847,690)
Proceeds from disposal of plant, equipment & motor vehicles		295,941	401,762
NET CASH GENERALTED FROM (USED IN) INVESTING ACTIVIES		<u>(346,218)</u>	<u>(445,928)</u>
Net Increase/(Decrease) in Cash Held		262,111	(489,391)
Cash at start of financial year		2,177,909	2,667,300
Cash at end of financial year	11	<u>2,440,020</u>	<u>2,177,909</u>

VICTORIAN CYTOLOGY SERVICE INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accounts of the Service are stated to assist in a general understanding of these financial statements. These policies have been consistently applied except where otherwise indicated.

The financial statements have been made out in accordance with Australian Accounting Standards.

a. Basis of accounting

The Service has not adopted a policy of revaluing its non-current assets on a regular basis. Non-current assets are revalued from time to time as considered appropriate by the directors and are not stated in excess of their recoverable amounts. Except where stated recoverable amounts are not determined using discounted cash flows.

b. Accrual basis

The accrual basis of accounting has been used with revenues and expenses being recognised as they are earned or incurred, and brought to account in the period to which they relate.

c. Historical cost

The financial statements have been prepared on a historical cost basis whereby assets are recorded at cost and do not take into account changing money values nor the current cost of non-current assets (unless specifically stated). Cost is based on the fair values of the consideration given in exchange for assets.

d. Rounding off

All amounts shown in the financial statements are expressed to the nearest dollar.

e. Investments

Investments are valued at cost. Interest revenue from investments is brought to account where it is earned.

f. Depreciation

The Service capitalises depreciable assets with a value in excess of \$3,000 and depreciation has been provided over their estimated lives using the straight-line method.

Plant & Equipment	5-50% depreciation
Motor Vehicles	20% depreciation

h. Stores

Stores are stated in the Balance Sheet at the lower of cost and net realisable value. Cost is determined principally by first-in, first-out method.

i. Employee Entitlements

Liabilities for other employee entitlements, which are not expected to be paid or settled within 12 months of balance date, are accrued in respect of all employees at the present value of future amounts.

VICTORIAN CYTOLOGY SERVICE INCORPORATED

- j. Sabbatical Leave**
Certain employees are entitled to sabbatical leave after six years service (which is transferable inwards and outwards with the employee and without due consideration paid to/from subsequent/previous employers). The liability at balance date represents an accrual based on current salary levels and an allowance for travel and accommodation.
- k. Incorporation**
The entity was incorporated on 3 September 1991 under the Associations Incorporation Act 1981. The financial statements include the results and activities of the Victorian Cytology Service Inc. only. The results and operations of the Victorian Cervical Cytology Registry (the Registry) are reported separately based on a directive from Department of Human Services.
- l. Superannuation**
Contributions to employee superannuation plans are charged as expense as the contributions are paid or become payable.
- m. Taxation**
The Service is exempt from Income Tax. From the 1/4/01 Fringe Benefits Tax applies. The provision of Medical Services is exempt from GST. The Service has been grouped with Victorian Cervical Cytology Registry for the GST.
- n. Funds Held for Restricted Purposes**
Monies received from non-government grant sources and monies spent by the Service in relation to such activities are disclosed as Funds received for or paid from Restricted Purposes.
- o. Comparatives**
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

VICTORIAN CYTOLOGY SERVICE INCORPORATED

NOTE 2: INDIRECT CONTRIBUTIONS BY HUMAN SERVICES VICTORIA

The Department of Human Services makes certain payments on behalf of the Service which, in accordance with the Department's requirements, have been brought to account in determining the operating results for the year.

NOTE 3: BANK INTEREST

	2000/01	1999/00
	\$	\$
Bank Interest Received	<u>148,614</u>	<u>117,659</u>

NOTE 4: GAIN ON SALE OF EQUIPMENT

Equipment was sold for consideration of \$295,941

NOTE 5: PROVISION FOR EMPLOYEE ENTITLEMENTS

	Current	Non Current	Total 2000/01	Total 1999/00
	\$	\$	\$	\$
Long Service Leave	446,059	150,568	596,627	538,614
Annual Leave	607,539	-	607,539	580,887
Accrued Days Off	39,054	-	39,054	32,775
Sabbatical Leave	194,240	280,060	474,300	436,000
Total	<u>1,286,892</u>	<u>430,628</u>	<u>1,717,520</u>	<u>1,588,276</u>

VICTORIAN CYTOLOGY SERVICE INCORPORATED

NOTE 6: STORES

	2000/01	1999/00
	\$	\$
Medical & Surgical Lines	201,329	200,233
Administration Stores	96,315	46,992
Total	<u>297,644</u>	<u>247,225</u>

NOTE 7: DEBTORS AND ACCRUED REVENUE

	2000/01	1999/00
	\$	\$
Australian Taxation Office	72,340	947
VBR BreastScreen Registry	-	18,317
Victorian Cervical Cytology Registry	-	4,234
Dept of Human Services	106,105	256,510
Melbourne Pathology	2,175	7,464
Histo Pathology/Non Gynaecological Accounts Receivable	12,122	13,913
Thinprep & Papnet	35,440	34,455
Provision for Doubtful Debts for ThinPrep & Papnet	(761)	(551)
RMIT Teaching Costs	15,500	30,000
Bank Interest	1,525	7,130
Dr Tan (Aust Aid)	478	-
Auckland Hospital	-	1,886
Health Funding Authority of NZ	-	18,650
Total Debtors and Accrued Revenue	<u>244,924</u>	<u>392,955</u>

VICTORIAN CYTOLOGY SERVICE INCORPORATED

NOTE 8: INVESTMENTS

Types of Investment	2000/01 \$	1999/00 \$
Current		
Bank Bills and Fixed Term Investments	<u>2,372,103</u>	<u>2,154,616</u>

NOTE 9: PLANT AND EQUIPMENT

	At Cost 30.06.01 \$	Accumulated Depreciation 30.06.01 \$	Written Down Value at 30.06.01 \$	Written Down Value at 30.06.00 \$
Plant & Equipment	2,670,425	(1,405,089)	1,265,336	1,415,763
Motor Vehicles	389,667	(28,038)	361,629	314,530
	<u>3,060,092</u>	<u>(1,433,127)</u>	<u>1,626,965</u>	<u>1,730,293</u>

Reconciliations

	Furniture Plant & Equipment	Vehicles
Carrying Amount as at 1/7/00	1,415,761	314,529
Additions	235,539	406,620
Disposals	(77,666)	(372,081)
Depreciation Written back on Disposals	56,739	85,575
Depreciation Amortisation	(365,037)	(73,014)
Carrying Amount as at 30/6/01	<u>1,265,336</u>	<u>361,629</u>

VICTORIAN CYTOLOGY SERVICE INCORPORATED

NOTE 10: SUPERANNUATION LIABILITIES

- i) Name of Fund to which the Service contributes:
HEALTH SUPER FUND
- ii) Notional share of unfunded liability attributable to the Service: nil
- iii) Contributions are paid in accordance with the Trust Deed of Health Super Fund, employer contributions are calculated as a percentage of the employee's salary. Separate contributions are determined for Health Super Scheme and Health Super Contributory Benefits. The rates for 2000/01 for all participating employees were:

Schemes	Contribution Rates	
Health Super Scheme	Superannuation Guarantee – 8%	
Health Super Contributory	Employee	Employer
	3%	3%
	4%	4%
	6%	4%

- iv) Contributions made by the Service during 2000/01: \$333,295 (1999/00: \$306,719).

VICTORIAN CYTOLOGY SERVICE INCORPORATED

NOTE 11: RECONCILIATION OF CASH

For the purpose of the statement of cash flows, cash flows include cash on hand and at bank and monies held at call in cash management accounts.

Cash at the end of the reporting period, as shown in the statement of cash flows, is reconciled to the related items in the balance sheet as follows:

	2000/01	1999/00
	\$	\$
Operating fund		
Cash on hand & at bank	58,524	18,301
Cash management account	62,887	55,922
Term Deposits	67,975	64,673
Bank Bills	2,250,634	2,039,013
	<u>2,440,020</u>	<u>2,177,909</u>

NOTE 12: RECONCILIATION OF NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES TO OPERATING SURPLUS

	2000/01	1999/00
	\$	\$
Operating Surplus (Deficit)	<u>(88,688)</u>	<u>26,544</u>
Capital Item Expensed	20,696	-
Depreciation	438,052	367,758
Profit on Sale of Fixed Assets	(9,200)	(57,071)
Changed Assets and Liabilities		
(Decrease)/Increase in creditors	2,983	(235,011)
(Decrease)/Increase in prepaid course fees	850	26,650
(Decrease)/Increase in accruals	16,782	71,880
(Decrease)/Increase in employee entitlements	129,244	(169,883)
(Increase)/Decrease in stores	(50,421)	(50,234)
(Increase)/Decrease in debtors & accrued revenue	148,031	(24,096)
Net Cash provided by (used in)		
Operating activities	<u>608,329</u>	<u>(43,463)</u>

VICTORIAN CYTOLOGY SERVICE INCORPORATED

NOTE 13: DIRECTOR'S REMUNERATION

In 2001 13 Directors (2000: 13) have received \$0 remuneration.

NOTE 14: FINANCIAL INSTRUMENTS

(a) Credit Risk Exposures

The credit risk on financial assets of the organisation, which have been recognised on the balance sheet, is generally the carrying amount, net of any provisions for doubtful debt.

(b) Interest Rate Risk Exposures

The organisation's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out as follows.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the organisation intends to hold any fixed assets and liabilities to maturity.

2000/01	Notes	Floating Interest Rate \$	Non-Interest Bearing \$	Total 2000/01 \$	Total 1999/00 \$
Financial Assets					
Cash on deposits		67,717	200	67,917	23,293
Trade and other debtors	7	-	244,924	244,924	392,955
Investments	8	<u>2,372,103</u>	-	<u>2,372,103</u>	<u>2,154,616</u>
		<u>2,439,820</u>	<u>245,124</u>	<u>2,684,944</u>	<u>2,570,864</u>
Weighted average interest rate		4.19%			
Financial Liabilities					
Trade and other creditors			(190,975)	(190,975)	(187,992)
Net financial assets (liabilities)		<u>2,439,820</u>	<u>54,149</u>	<u>2,493,969</u>	<u>2,382,872</u>

VICTORIAN CYTOLOGY SERVICE INCORPORATED

Reconciliation of Net Financial Assets to Net Assets

	2000/01	1999/00
	\$	\$
Net Financial Assets	2,493,969	2,382,872
Non-financial Assets & Liabilities		
Stores	297,644	247,225
Property, plant & equipment	1,626,965	1,730,293
Provisions	(1,717,520)	(1,588,276)
Other Liabilities	(160,064)	(142,432)
Net Assets per Balance Sheet	<u>2,540,994</u>	<u>2,629,682</u>

(c) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the economic entity approximates their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

NOTE 15: ACCOUNTING FOR THE GOODS AND SERVICES TAX (GST)

Cash flows relating to the GST must be included on the statement of cash flows on a gross basis.

The GST component of cash flows arising from investing and financing activities must be classified as operating cash flows.

Victorian Cervical Cytology Registry & Victorian Cytology Service are grouped for the GST. Future transactions and transfers between the entities will be exempt from GST. Reporting for the GST will be undertaken by the parent group entity Victorian Cytology Service.

From 2001, GST paid (via expenses) or received (via grants) on behalf of the Registry by the Service will not be charged or forwarded on to the Registry.

VICTORIAN CYTOLOGY SERVICE INCORPORATED

NOTE 16: RELATED PARTY INFORMATION

Controlling Entities

The ultimate controlling entity is the Department of Human Services

Directors and Director-Related Entities

The Directors listed below each held office as a Director throughout the period ended 30 June 2001 except where otherwise noted.

Name of Director	Date of Appointment
Associate Professor M Quinn	September 1991
Dr Elisabeth Banks	September 1991
Dr Julia Shelley	April 1992
Ms Dorothy Reading	September 1991
Mrs Kerry Bradley	February 1994
Ms Kate O'Brien	October 1997
Professor Gordon Clunie	September 1998
Dr Susan Hughes	February 1999
Ms Elizabeth Kennedy	February 1999
Dr Deborah Neesham	July 2000
Ms Sandy Anderson	August 2000
Dr Chris Bayly	March 2001
Ms Pat Hill	June 2001

	Date of Resignation
Ms Janice Carpenter	December 2000
Mrs Mary Murdoch	December 2000



schoenfeld & co.

CHARTERED ACCOUNTANTS

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF VICTORIAN CYTOLOGY SERVICE INCORPORATED

Scope

We have audited the financial report of Victorian Cytology Service Incorporated for the financial year ended 30 June 2001 as set out on pages 1 to 15.

The Board of Management is responsible for the preparation and presentation of the financial report and the information contained therein. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Service.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and the rules of the Service so as to present a view which is consistent with our understanding of the Service's financial position, and its performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Victorian Cytology Service Incorporated presents fairly, in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and the rules of the Service, the financial position of the Service as at 30 June 2001 and its performance as represented by the results of its operations and its cash flows.

SCHOENFELD & CO.

Schoenfeld & Co.

CHARTERED ACCOUNTANTS

M Schoenfeld

MICHAEL D SCHOENFELD

Partner

MELBOURNE, 12 October 2001

