





Annual Report 2004



Victorian Cytology Service

A.B.N 35 430 554 780



VISION

To earn recognition as the Australian centre of excellence in cervical cytology.

MISSION STATEMENT

To prevent avoidable suffering from cancer of the cervix by the provision of a high quality and efficient laboratory service for reporting Pap smears.

CORPORATE OBJECTIVES

- To remain a fully funded, free service for reporting Pap smears.
- To deliver a high-quality, cost-effective service.
- To constantly research, and remain aware of, the needs and concerns of medical practitioners and women.
- To inform and influence service providers.
- To attract, support, and retain skilled and motivated staff.
- To train scientists and pathologists.
- To conduct and lead independent high-quality research.
- To provide high-quality evidence to support VCS policies (both internal and external).
- To take a leading role in forming public policy.

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ORGANISATIONAL OVERVIEW

Victorian Cytology Service (VCS) was established in 1965 as a joint initiative between the Victorian State Government and the Anti-Cancer Council as a not for profit enterprise to be a specialist service provider of gynaecological screening for Victorian women. In 1991 VCS was incorporated under the Associations Incorporation Act 1981 with a Board appointed by the Minister of Health.

From humble beginnings VCS has expanded to become a very large gynaecological cytology laboratory, highly respected both in Australia and internationally.

The organisation's core service delivery is the reporting of around 300,000 conventional Pap smears per annum, representing around 50% of the total number of Pap smears taken in Victoria and making it the largest single laboratory reporting Pap tests in Australia. Commonwealth and State funding ensures that the Pap screening service is provided free of charge. External revenue generating initiatives include the reporting of approximately 16,000 ThinPrep gynaecological cytology specimens and 2,500 gynaecological histology specimens. The volume of histology work is progressively increasing. Revenue generated through these initiatives is invested back into the Service through its programs and its staff.

The VCS auspices the Victorian Cervical Cytology Registry (the 'Registry') which provides the community with vital infrastructure support and health information. The Registry records the results of almost all of the Pap smears performed in Victoria. It administers a comprehensive Reminder and Follow-up program for each Victorian woman

who has her Pap smear result listed with the Registry. The Registry is housed, serviced and supported within VCS premises.

The VCS role extends beyond the provision of gynaecological cytology screening services. It plays a key role as a centre for research and teaching and assists state and federal governments with policy formulation. The Victorian Cytology Service: -

- is a teaching and training centre for Diagnostic Cytology, with links with major teaching hospitals and universities. The VCS trains one cytopathologist and at least five cytotechnologists each year
- conducts and supports scientific research such as investigations into new technologies and the epidemiology of cervical cancer, leading to publication of findings in international scientific literature
- provides educational sessions for medical practitioners and health professionals to assist them in refining their skills and improving the way Pap smears are performed

The VCS has a multimillion dollar budget with 60% of funds supplied by the Federal Government and the balance provided by the Victorian State Government. It operates under a Pricing and Funding Agreement with the Department of Human Services.

VCS employs more than 100 staff in a variety of roles. These include administration, clerical, scientific and specialist medical staff, couriers, information technology specialists and marketing / client service staff. The Registry employs a further 20 staff in a variety of roles.

VCS is an Equal Employment Opportunity (EEO) employer and a 'smoke free' workplace.

PRESIDENT'S REPORT

In 2003/04 the Victorian Cytology Service has continued to build on its strong local and international reputation as a specialist service provider of cervical cytology services and as a centre for research and teaching. This year we reported the highest number of Pap smears since 1998/99, delivering a market share of 50%. During the year the organisation trained seven cytotechnologists and one cytopathologist and conducted approximately 100 educational training sessions for referring practitioners. The organisation has again been a strong contributor to the development of policy at both the state and federal level.

The success achieved in these many fields has been due to the hard work and efforts of the staff, who are the real strength of the organisation. The Board sincerely thanks them for their dedication and professionalism.

I would also like to acknowledge the commitment of my fellow Board members to continuing to strengthen the governance and strategic direction of the organisation. Development of strategic direction will continue to be a high priority for the Board for the next 12 months.

Victorian Cytology Service is also fortunate to again be supported by a number of key partners, importantly the Victorian Department of Human Services and the Commonwealth Department of Health and Ageing, who, together, provide almost 90% of our funding. During 2003/04, Victorian Cytology Service was also fortunate to have received a sizeable capital Grant from the Victorian Department of Human Services enabling the purchase of microscopes and other biomedical equipment.



Other key partners include a number of universities and teaching facilities including the University of Melbourne and the Royal Melbourne Institute of Technology.

Finally, I would like to acknowledge the community we serve, Victorian women and the practitioners who refer Pap Smears to us. Without their ongoing support we would not be able to continue deliver our high quality service.

Dr Elisabeth Banks
President
Victorian Cytology Service Inc.

DIRECTOR'S REPORT

I would first like to acknowledge the performance of our staff. It is their performance that allows Victorian Cytology Service (VCS) to deliver high quality services. They continue to show the high level of professionalism and dedication required to provide the highest quality gynaecological screening and registry services for the women of Victoria. I would also like to recognise and thank the Board for their support and their guidance of the organisation and its staff. The services VCS are able to provide would not have been possible without the grant funding, received from the Victorian and Commonwealth Governments. VCS is fortunate to have a strong relationship with the Victorian Department of Health and the Commonwealth Department of Health and Ageing. Of course the basis of our success remains with the loyalty and support of practitioners, both medical and nursing, all around Victoria.

VCS continues to develop as an organisation. A heavy focus this year and next is on the development of the systems that underpin the organisation. Work has commenced on expanding our policies across a range of areas, providing greater certainty to staff and increasing our capacity to respond.

Investment back into the service delivery is a major focus of this year and next. The receipt of a substantial capital grant from the Department of Human Services (Vic) enabled the purchase of 13 new microscopes. It also enabled the upgrading of other infrastructure systems including our PABX system. An audit of our IT requirements has identified the need for a major upgrade to be undertaken of our IT hardware and software. Work has already commenced on the development of the CIS application. Similarly, plans are well developed for the replacement of desktops and servers. This work is due to be completed during 2004/05.

Operationally, the organisation has gone through some peaks and troughs. Delivery of training has



been a highlight with 7 new scientists successfully trained during 2003/04. Demand for our educational services to practitioners has run at record levels with an increased number of sessions provided. The quality of our work has remained high despite the loss of a number of key staff during the year. The major impact on the organisation has been the turnaround time in the reporting of Pap smears back to practitioners. Recruitment of additional staff will help to improve turnaround back to our stated aim of five days.

In October 2003 the National Testing Authority (NATA) reassessed the Victorian Cytology Service and found the laboratory to be "operating at a high standard". The laboratory is scheduled to be reassessed in October 2006.

Dr Marion Saville
Director
Victorian Cytology Service Inc.

HIGHLIGHTS FOR 2003/04

Delivery

- The Victorian Cytology Service screened and reported 285,691 cervical smears in 2003/04.
- Our liaison physician Stella Heley and Client Services Officer Lisa Garay have visited approximately 100 clinics and divisions in both metropolitan and regional centres providing either daytime or evening educational services to almost 1,000 G.Ps and nurses.
- Our IT Department has developed the provision of electronic results to General Practitioners over the Internet.

Service Improvements

- Marketing Survey conducted.
- Client retention strategy developed and implemented.
- New marketing brochures and materials developed.

Infrastructure

- DHS assisting in the process to determine suitable building facilities after RWH vacates current site.
- 13 new microscopes and a digital camera for photomicrography purchased.
- Capital funding grant received (\$137K).
- \$256K operating surplus achieved.

Training

- Respectful Workplace training held for staff.
- Driver training undertaken for courier staff.
- External VCS Training Courses for Cytopathologists and Cytotechnologists provided.

Staff

- Climate survey was conducted with almost all participating staff agreeing that VCS had improved as an employer over the preceeding year.
- 7 new scientists trained and employed.
- New Cytopreparatory Technician Supervisor appointed.
- New Business Manager appointed.
- New Laboratory Manager appointed.
- 3 new experienced scientists recruited.
- 8 scientists trained as senior scientists.
- 1 senior scientist promoted to Grade 3 level.
- 1 scientist awarded a Distinction for the Certificate for Cytotechnologists of the Australian Society of Cytology.

Quality

- The purchase of Q-Pulse and the ongoing transfer of Quality System records on to Q-Pulse.
- Successful NATA accreditation in Oct 2003.
- Major upgrade of the external teaching resources commenced.



PROFILE OF THE BOARD OF MANAGEMENT

Dr Elisabeth Banks, President

Dr Banks is a long standing member of the Board joining in 1989 and has resided as President from December 2001. Dr Banks has an interest in Medical Education and her many activities include; Consultant to W.H.O in Primary Health Care, RACGP Exam Panel, Surveyor Australian General Practice Accreditation, Member of National Professional Services Review Panel, the Chair of the Management Committee for the Victorian Cervical Cytology Registry, Maroondah Breast Screen Advisory Committee, Member of Standards Committee for FRACGP and a Member G.P Committee - Epworth Hospital and was recently involved in the NHMRC Guidelines for Overweight and Obesity in Australia. Dr Banks is a General Practice Partner at the Blackburn Clinic.

Associate Professor Michael Quinn, Immediate Past President

Professor Quinn served on the Board since 1989 as a representative of Gynaecological Oncologists. He served as President of the Board from 1998 to 2001 and resigned from the Board in December 2003.

Ms Dorothy Reading

Ms Reading has served on the Board since 1989 and was President from 1991 to 1997. Ms Reading is responsible for policy and advocacy work, input into review and planning cycles for all programs and the development of new programs at the Cancer Council Victoria. Ms Reading represents the Cancer Council Victoria on the board of Breastscreen Victoria (as deputy chairperson), and also chairs the Cancer Council Australia's Public Health Committee. She organised the production of the National Cancer Prevention Policy 2001-03 and the 2004-06 update. Ms Reading has been nominated to represent the Cancer Council Australia on the new Australian Screening Advisory Committee.

Ms Juliann Byron (Treasurer)

Ms Byron joined the Board in March 2003 as Treasurer with qualifications including Fellow CPA Australia, Fellow of the Australian Institute of Company Directors, Member of Chartered Secretaries Australia, and Fellow of the Taxation Institute of Australia. Ms Byron was previously the National Finance Director/Company Secretary for Porter Novelli. She is currently a consultant, advising clients in areas including finance, risk management, and strategic planning.

Ms Elizabeth Kennedy

Ms Kennedy has been a Board member since 1998. Ms Kennedy is Lawyer whose professional interests are Health and Medical Law and ethics. She is currently the Corporate Counsel to the Royal Women's Hospital and the Royal Children's Hospital.

Professor Gordon Clunie

Professor Clunie joined the Board in 1998 as a nominee of the Cancer Council. Professor Clunie is as an eminent clinician with considerable experience in the area of breast cancer. He resigned from the Board in December 2003.

Dr Julia Shelley

Dr Shelley has participated on the Board since 1991 as the representative for Epidemiology. Dr Shelley's research focuses on women's reproductive health including the epidemiology of Pap smear screening. Professor Shelley is currently employed with the Australian Research Centre, Sexual Health & Society, La Trobe University.

Dr Peter Hughes

Dr Hughes joined the Board in March 2003 with expertise in Business. Dr Hughes has a Bachelor of Architecture, Master Business Administration and Doctor of Business Administration. He has expertise in strategic and health planning, operations and

financial management, human resource management, business development, marketing and communications along with risk management, legal and contractual negotiation, intellectual property protection and development and information technology management. Dr Hughes is currently the Director of the Epworth Eastern Hospital.

Ms Sandy Anderson

Ms Anderson was appointed to the Board in 2000 to fill the role of Nurse with Expertise in Family Planning. Ms Anderson is a registered nurse with a Graduate Diploma of Community Health Nursing, Sexual and Reproductive Health Nurse Training, and a Master of Health Management. Ms Anderson has worked with PapScreen Victoria for over five years in a role working with nurse Pap test providers throughout the state and recently has become the Nurse Credentialing Project Coordinator as part of that role. Ms Anderson also currently runs a Well Women's Service at Women's Health Grampians servicing Ballarat and other areas of the Grampians region.

Dr Deborah Neesham

Dr Neesham joined the Board in 2000 as a nominee of the Royal Women's Hospital with

expertise in Gynaecology and Gynaecological Oncology. Dr Neesham is currently a consultant appointed to Oncology/Dysplasia unit at the Royal Women's Hospital.

Dr Chris Bayly

Dr Bayly joined the Board in 2001 as the nominee of the Royal Women's Hospital. Dr Bayly is a Gynaecologist and is currently the Associate Director of Women's Services at the Royal Women's Hospital. Dr Bayly has interests in public health and fertility control and a background in infertility including assisted reproduction techniques.

Dr Susan Hughes

Dr Hughes has served on the Board since 1999 as a nominee of the Australian Medical Association and is currently in an Obstetric & Gynaecology Private Practice.

Ms Patricia Hill

Ms Hill joined the Board in 2000 as a representative of clients. Ms Hill is a Registered Nurse, Midwife with a special interest in women's health and family planning. Ms Hill is currently the Eastern Sexual and Reproductive Services Manager at Family Planning Victoria.



SENIOR OFFICERS

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

Business Manager

Mark Van Zuylenkom *BSc, MBA, GAICD*

Pathologists

- Prudence Elizabeth Allan *MB, BS, FRCPA*
- Huw Llewellyn *MB, BS, BSc (Hons), FRCS, FRCPA*
- Henry Yeung *MB, BS, FRCPA*
- Jackie Collett *MB, BS, FRCPA*
- Kristy Dundas *MB, BS, FRCPA*
- Seiw K Tang *MB, BS, FRCPA, FIAC*
- San S Chan *MB, BS, FRCPA*

Trainee Cytopathologists

Joanna Ding *MB, BS, FRCPA*

Liaison Physician

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

Laboratory Manager

Gillian Phillips
*M. App. Science, M. Health Service Management,
CT (ASC), CT (IAC)*

Information Technology Manager

Matthew Cunningham *BBus (InfoSys)*

Health Information Manager VCCR

Valerie Scott *BHlth Info Management*

External Teaching Coordinators

Noni Christou *BAppSc, CT (ASC)*
Fiona Maxey *BAppSc (MLS), CT (ASC)*

Accountant

Pauline Lomas *B.Bus (Acc), ASA*
Chris Platford *BBus (Acc) (Immediate Past)*

Personnel Officer

Sally Wilson *BA/B.Com*

Quality Manager

John Good *BAppSc (Immediate Past)*
Cheryl Jones *(Acting)*
BAppSc (Medical Tech)
Grad Dip Bus Admin

Office Manager

Cheryl Jones *BAppSc (Medical Tech)*
Grad Dip Bus Admin

Treasurers Report

- During 2003/04 the Victorian Cytology Service generated revenue from cervical cancer screening grants, cancer recruitment grants and trading activities totalling \$8.9m, resulting in an increase of \$1.1m over the 2002/03 financial year which equates to a 14.16% increase. The increase was due in part to additional funding from the Department of Human Services of \$846,000 and a grant to cover purchase of equipment of \$137,000. The balance, in excess of \$100,000 was generated from other sources, mainly from ThinPrep and Histology screening and presenting cytology courses.

- The additional funding was utilised principally to cover an increase in salaries and oncosts, followed by medical supplies and administration costs.

- The net surplus of \$255,934 represents a larger surplus than anticipated and is a pleasing result. This was achieved after reducing a provision for sabbatical leave that was no longer required of \$262,412.

- The number of women screened for cervical cancer for the year was 285,691 (2003 - 284,994) as compared with a target of 280,000.

The Department of Human Services provides



valuable funding which enables the Victorian Cytology Service to continue its efforts to provide crucial and effective services in the area of women's health, including education, and the provision of well regarded cytology training to the profession.

Juliann Byron

Treasurer

Victorian Cytology Service Inc.

Statement of Financial Performance

for the year ended 30 June 2004

	Notes	2003/04 \$	2002/03 \$
Revenue from Ordinary Activities			
Operating Grants		7,270,115	6,431,010
Capital Grant		136,873	-
Program Grants		464,646	457,774
Indirect Contributions by Human Services	2	3,358	1,960
Trading Activities		837,364	737,133
Bank Interest		151,685	133,525
		8,864,041	7,761,402
Expenditure			
Salaries and Oncosts		6,778,010	6,161,219
Operating / Administration Costs		917,332	789,707
Medical Supplies		515,979	402,143
Depreciation		385,018	395,577
Loss on Sale of Non Current Assets		11,768	8,036
		8,608,107	7,756,682
Operating Surplus (Deficit) from Ordinary Activities		255,934	4,720

Statement of Financial Position

as at 30 June 2004

Current assets			
Cash Assets	4	3,536,194	2,999,930
Receivables	5	203,430	173,251
Stores	6	109,718	73,469
Other	7	73,148	41,706
Total Current Assets		3,922,490	3,288,356
Non-current assets			
Plant, Equipment & Vehicles	8	802,607	1,030,753
Total non-current assets		802,607	1,030,753
Total Assets		4,725,097	4,319,109
Current Liabilities			
Payables	9	771,884	331,176
Provisions	10	1,321,098	1,568,038
Total Current Liabilities		2,092,982	1,899,214
Non-current Liabilities			
Provisions	10	376,701	420,415
Total non-current liabilities		376,701	420,415
Total Liabilities		2,469,683	2,319,629
Net Assets		2,255,414	1,999,480
Surplus			
Retained Surplus	11	2,255,414	1,999,480
Total Surplus		2,255,414	1,999,480

Statement of Cash Flows

for the year ended 30 June 2004

Notes	2003/04	2002/03
	\$	\$
Cash Flows from Operating Activities		
Payments		
Wages and Salaries	(6,981,308)	(5,988,330)
Suppliers (inclusive of GST)	(1,953,347)	(1,071,534)
Interest	(130)	-
Receipts		
Receipts from Trading Activities (inclusive of GST)	829,207	680,139
Interest Received	151,685	117,673
Other	-	
Cash flows from government		
Receipts from Grants (inclusive of GST)	8,658,797	6,854,689
Net Cash Inflow from Operating Activities	704,904	592,637
Cash Flows from Investing Activities		
Payments for Plant and Equipment	(388,854)	(525,195)
Proceeds from Sale of Plant and Equipment	220,214	346,922
Net Cash Flow from Investing Activities	(168,640)	(178,273)
Net Increase (Decrease) in Cash Held	536,264	414,364
Cash at the beginning of the financial year	2,999,930	2,585,566
Cash at the end of the financial year	3,536,194	2,999,930
Reconciliation of net cash provided by operating activities to operating result		
Operating Surplus (Deficit)	255,934	4,720
Add Depreciation	385,018	395,577
Loss on Sale of Fixed Assets	11,768	8,195
Change in Operating Assets/Liabilities		
(Increase) Decrease in Accounts Receivable	(61,620)	(107,917)
(Increase) Decrease in Stores	(36,249)	234,373
(Decrease) Increase in Accounts Payable	440,708	(37,256)
(Decrease) Increase in Provision for Employee Entitlements	(290,655)	94,945
	704,904	592,637

Notes to and forming part of the financial statements for the year ended 30 June 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the requirements of the Associations Incorporations Act 1981. The financial report has been prepared on an accrual basis in accordance with the historical cost convention. Unless otherwise stated, the accounting policies are consistent with those of the previous year. The following is a summary of the material accounting policies adopted by Victorian Cytology Service Inc. in the preparation of the financial report.

a. Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation. Assets are capitalised when in excess of \$3,000.

b. Depreciation

The depreciable amounts of all fixed assets are depreciated on a straight line basis over the expected useful life of the assets.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5 - 50%
Motor vehicles	20%

c. Incorporation

Victorian Cytology Service Incorporated was incorporated on 3 September 1991 in Victoria under the Association Incorporation Act 1981.

d. Stores

Stores are measured at the lower of cost and net realisable value.

e. Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

f. Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the association to an employee superannuation fund and are charged as expenses when incurred.

g. Tax Status

The activities of the Victorian Cytology Service Inc. are exempt from income tax and payroll tax. Payments for fringe benefits tax are made in accordance with the relevant legislation.

h. Revenue

Grant revenue is recognised upon receipt from the Department of Human Services. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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 for determining the operating results for the year.

NOTE 3: SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES

Surplus (Deficit) from Ordinary Activities has been determined after:

	Notes	2003/04	2002/03
		\$	\$
Auditors Remuneration		11,400	6,670
Rental Expenses on Operating Leases		24,712	31,376

NOTE 4: CASH ASSETS

Cash at Bank and on Hand		152,704	166,906
Deposits at Call		804,393	243,722
Bank Bills		2,579,097	2,589,302
		<u>3,536,194</u>	<u>2,999,930</u>

NOTE 5: RECEIVABLES

Trade Debtors and Accrued Revenue		206,679	163,221
Less: Provision for Doubtful Debts		(11,754)	(1,770)
		<u>194,925</u>	<u>161,451</u>
Interest Receivable		8,505	11,800
		<u>203,430</u>	<u>173,251</u>

NOTE 6: STORES

Medical & Surgical Supplies		63,600	34,077
Stationery		46,118	39,392
		<u>109,718</u>	<u>73,469</u>

NOTE 7: OTHER

Prepayments		73,148	41,706
		<u>73,148</u>	<u>41,706</u>

Notes to and forming part of the financial statements for the year ended 30 June 2004

	Notes	2003/04 \$	2002/03 \$
NOTE 8: PLANT, EQUIPMENT & VEHICLES			
Plant and Equipment at Cost		2,415,853	2,315,188
Accumulated Depreciation		(1,995,237)	(1,701,076)
Written Down Value		420,616	614,112
Vehicles at Cost		434,978	450,858
Accumulated Depreciation		(52,987)	(34,217)
Written Down Value		381,991	416,641
Total Written Down Value of Fixed Assets		802,607	1,030,753

Movement in Carrying Amounts

	Plant & equipment	Motor Vehicles	Total
Balance at the beginning of the year	614,112	416,641	1,030,753
Additions	117,605	271,249	388,854
Disposals	(3,699)	(228,283)	(231,982)
Depreciation	(307,402)	(77,616)	(385,018)
Carrying amount at the end of the year	420,616	381,991	802,607

NOTE 9: PAYABLES

Trade Creditors	240,519	-
Other Creditors	531,365	331,176
	771,884	331,176

NOTE 10: PROVISIONS

Employee Benefits		
Current		
Provision for Annual Leave	792,240	814,055
Provision for Long Service Leave	403,015	510,782
Provision for Sabbatical Leave	125,843	243,201
	1,321,098	1,568,038
Non Current		
Provision for Long Service Leave	376,701	275,361
Provision for Sabbatical Leave		145,054
	376,701	420,415

Employee numbers

Average number of employees during the financial year	101	105
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NOTE 11: SURPLUS

Retained Surplus	1,999,480	1,994,760
Surplus/Deficit for the year	255,934	4,720
Retained Surplus at the end of the year	2,255,414	1,999,480

NOTE 12: SUPERANNUATION LIABILITIES

- 1) Name of Fund to which the organisation contributes:
HEALTH SUPER FUND PTY LTD
- 2) Notional share of unfunded liability attributable to the organisation: \$141,600
- 3) Contributions are paid in accordance with the Trust Deed of Health Super Fund.
Separate contributions have been historically determined for Health Super Scheme and Health Contributory Benefits.
- 4) The rates for 2002/03 and 2003/04 are as follows:

Schemes	Contribution Rates	
	Superannuation Guarantee – 9%	
Health Super Scheme		
Health Super Contributory	Employee	Employer
	0%	1%
	3%	6%
	4%	6%
	6%	10%

NOTE 13: FINANCIAL INSTRUMENTS

a) Credit Risk Exposure

The credit risk on financial assets of the organisation which have been recognised on the Statement of Financial Position, is generally the carrying amount, net of any provisions for doubtful debts. Bank bills which have been purchased at a discount to face value are carried on the Statement of Financial Position at an amount less than the amount realisable at maturity. The total credit risk exposure of the organisation could be considered to include the difference between carrying amount and the realisable value.

b) Interest Rate Risk Exposure

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 bearing variable interest rates as the organisation intends to hold any fixed rate assets to maturity.

Notes and forming part of the financial statements for the year ended 30 June 2004

2004	Notes	Floating interest rate \$	Non-interest Bearing \$	Total \$
Financial Assets				
Cash and Deposits		956,577	520	957,097
Bank Bills		2,579,097		2,579,097
Trade and Other Debtors			215,184	215,184
Prepayments			73,148	73,148
		<u>3,535,674</u>	<u>288,852</u>	<u>3,824,526</u>
Weighted average interest rate			4.95%	
Financial Liabilities				
Trade and Other Creditors		-	771,884	771,884
Net Financial Assets (Liabilities)		<u>3,535,674</u>	<u>- (483,032)</u>	<u>3,052,642</u>
2003				
Financial Assets				
Cash and Deposits		410,428	200	410,628
Bank Bills		2,589,302		2,589,302
Trade and Other Debtors			173,251	173,251
Prepayments			41,706	41,706
		<u>2,999,730</u>	<u>215,157</u>	<u>3,214,887</u>
Weighted average interest rate			4.78%	
Financial Liabilities				
Trade and Other Creditors			331,176	331,176
Net Financial Assets (Liabilities)		<u>2,999,730</u>	<u>- (116,019)</u>	<u>2,883,711</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 entity approximates their carrying value.

NOTE 14: SEGMENT REPORTING

The Association operates in the health sector providing cytology services to the public within Victoria.

NOTE 15. ASSOCIATION DETAILS

The principal address of the business of the association is:

Victorian Cytology Service Inc.
752 Swanston Street
Carlton South, Vic. 3053

NOTE 16: RELATED PARTIES

The names of persons who were Board members at any time during the year are set out in the Annual Report. There were no transactions that require disclosure for the year ended 30 June 2004.

AGENCY CERTIFICATION

Managers' Annual Certificate

We certify that Victorian Cytology Service Inc. has complied with the terms and conditions of the Service Agreement dated 01/07/2003 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 Victorian Cytology Service Inc. is a financially viable Agency to continue to provide services on behalf of the Department of Human Services.

We certify that Victorian Cytology Service Inc. is required to produce audited financial statements and has adhered to the relevant incorporation governing legislation in respect of financial account preparation and lodgement and any other requirements as specified by the relevant governing legislation.

We certify that the attached Financial Accountability Requirements Statement for Victorian Cytology Service Inc. ('the Agency') for the year ended; 30 June 2004

- fairly presents the financial position for the year then ended and performance as at 30 June 2004 as required by the Department of Human Services;
- the statements 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 (AAS) and/or Australian Accounting Standards Board (AASB); and
- are GST exclusive for the Statement of Financial Performance.

Dr Elisabeth Banks

President



24.09.04

Mr Mark Van Zuylekom

Business Manager



24.09.04

INDEPENDENT AUDIT REPORT



INDEPENDENT AUDIT REPORT TO THE DEPARTMENT OF HUMAN SERVICES

Scope

We have audited the financial report of Victorian Cytology Service Incorporated ("The Association") for the year ended 30 June 2004 comprising the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Notes to the Financial Statements and the Agency Certification. The Board of Management ("The Board") is responsible for the financial report and has determined that the accounting policies used are consistent with the financial reporting requirements of the Associations Incorporation Act 1981 and The Association's constitution and are appropriate to meet the needs of the Department of Human Services ("The Department"). We have conducted an independent audit of this financial report in order to express an opinion on it to The Department. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of The Department.

The financial report has been prepared for distribution to The Department for the purpose of fulfilling The Board's accountability requirements. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than The Department, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. 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 in Australia so as to present a view which is consistent with our understanding of the association's financial position and 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

- (i) presents a true and fair view of the financial position as at 30 June 2004 and its financial performance for the year then ended, and is in accordance with the Associations Incorporations Act 1981 and as required by the Department of Human Services; and
- (ii) has been extracted from the financial records which have been prepared on the basis of accounting policies consistent with applicable Australian Accounting Standards.
- (iii) Is GST exclusive for the Statement of Financial Performance

SCHOENFELD & CO.

A handwritten signature in blue ink that reads 'Schoenfeld & Co'.

CHARTERED ACCOUNTANTS

A handwritten signature in blue ink that reads 'Michael D Schoenfeld'.

MICHAEL D SCHOENFELD
Partner
Melbourne

30th September 2004

Appendix One

Victorian Cytology Service Directorate Committee Involvement

Dr Saville participates in the following committees:

- Guidelines Review Group for NHMRC Guidelines for the Management of Women with Screen Detected Abnormalities.
 - Chair of the Terminology Working Group
 - Member of the Low Grade – Working Group and Special Circumstances Working Group.
- Evolving Technology 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
- Supporting Committee to the Medical and Scientific Advisory Committee for the assessment of applications relating to 'New Technologies for Screening and Treatment of Cervical Cancer'.
- National Pathology Accreditation Advisory Committee (NPAAC) Gynaecological Cytology Review Committee
 - Technical Subcommittee to Review Cytology Performance Standards
- Royal College of Pathologists of Australia Cytopathology Advisory Committee.

Dr Mitchell participates in the following committees:

- Chair of National Advisory Committee for the National Cervical Screening Program until this committee was disbanded in April 2004.
- Technical Subcommittee of the National Pathology Accreditation Advisory Council. The work of this committee resulted in a new set of Performance Measures for Australian Laboratories Reporting Cervical Cytology.
- Member of the Low Grade and High Grade working parties of Guidelines Review Group which is a national committee reviewing the NHMRC Guidelines for the Management of Women with Screen-Detected Abnormalities.
- Supporting Committee for the Commonwealth Medical Services Advisory Committee to consider whether any of the new technologies available in connection with cervical screening should be listed on the Medicare Benefits Schedule.
- Advisory Committee for PapScreen Victoria.



Appendix Two

Victorian Cytology Service Training

In-House Training

Victorian Cytology Service provides training programs for cytopathologists and cytotechnologists within Australia to improve the quality of gynaecological cytology reporting within Australia and to provide a steady supply of trained staff to our operations.

In 2003/04 VCS trained one cytopathologist and seven cytotechnologists.

Gynaecological Cytopathology Course

Each year VCS offers a two week intensive course in gynaecologic cytopathology to practising diagnostic cytopathologists. The major aim of the course is to assist pathologists not only with morphologic interpretation of smears but methods for handling individual cases in the context of clinical background. Course participants come from many parts of Australasia.

In 2003/04 seven pathologists participated in this course.

Gynaecological Cytotechnology Course

Each year VCS offer a five-day course for scientists working in cytopathology laboratories both in Australia and overseas. The course is tailored for medical laboratory scientists with previous professional experience and/or formal training. The course is directed at scientists with at least one year full-time screening experience. The aim of the course is to consolidate basic knowledge and practice in cytology. Special attention is given to diagnostic problems, and the current role of cytology in the cervical screening program.

In 2003/04 six scientists participated in this course.

Victorian Cytology Service Accreditation Program

VCS is accredited to AS ISO/IEC 17025:1999

"General requirements for the competence of testing and calibration laboratories" and is committed to meeting all relevant industry standards including the various requirements of NATA, NPAAC, the RCPA and the VCS insurers. Quality system activities are coordinated by the Quality Manager and supported by quality management software, Q-Pulse.

The National Testing Authority (NATA) reassessed the Victorian Cytology Service in October 2003 and found the laboratory to be "operating at a high standard".

The laboratory is scheduled to be reassessed in October 2006.

Whistleblowers' Protection

On 1 January 2002, the Victorian Whistleblowers' Protection Act came into effect. VCS have provided policy to facilitate the making of disclosures, where it is believed improper or corrupt conduct has occurred, is occurring or about to occur in the management or conduct of VCS, (including apprehension of detriment).

There were no reported incidents in 2003/04.

