



Victorian Cytology Service Incorporated

Annual Report 2007





Our vision is to minimise suffering in women due to diseases preventable by screening. In 2007 VCS Inc. reported close to 300,000 conventional Pap tests. Our mission is to use our expertise in cervical screening to support evidence based screening programs in women’s health through the delivery of laboratory and registry services. In 2007 VCS Inc. maintained a turnaround time for results of 48 hours or less from date of receipt.

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ORGANISATIONAL OVERVIEW

“Commonwealth and State funding ensures that the Pap screening service is provided free of charge”.

Victorian Cytology Service Incorporated (VCS Inc.) is a Health Promotion Charity whose activities centre on the provision of laboratory testing and registry services for the Cervical Screening Program. Established in 1965 as a joint initiative between the Victorian State Government and the Anti-Cancer Council, the organisation has a proud history in helping to reduce the incidence of cervical cancer. VCS Inc. is incorporated under the Associations Incorporation Act (Vic) 1981 and governed by a Board of Directors. The organisation's core laboratory service is the reporting of around 300,000 conventional Pap tests per annum, representing approximately 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. The organisation also provides a number of important complementary tests – Liquid based cytology, Histology, HPV and Chlamydia testing. Revenue generated through these initiatives is invested back into the organisation through its programs and its staff.

VCS Inc. auspices the Victorian Cervical Cytology Registry (VCCR) which works closely with VCS. VCCR is a key component of the cervical screening program in Victoria and records the results of almost all the Pap smears performed in Victoria. VCCR administers a comprehensive Reminder and Follow-up program for each Victorian woman who has her Pap smear result listed with the Registry. VCCR also contains a linked record for each woman containing details of her Pap test and subsequent investigations. This data base is used to remind women when their Pap test is overdue and to remind women and doctors when the follow-up of abnormal results is apparently overdue. VCCR also provides history links for laboratories reporting Pap smears and is responsible for production of statistical information on cervical screening. VCCR is housed, serviced and supported within VCS Inc. premises.

The VCS Inc. role extends beyond the provision of laboratory and registry services. It plays a key role as a centre for research and teaching and provides advice to state and federal governments to assist with policy formulation. VCS Inc. activities include:

- maintaining a teaching and training centre for Diagnostic Cytology, with links to major teaching hospitals and universities. Staff at VCS Inc. are involved in the education and training of scientific and medical undergraduates, scientists, pathology registrars and pathologists
- conducting and supporting scientific research such as investigations into new technologies and the epidemiology of cervical cancer, leading to publication of findings in international scientific literature
- providing educational sessions for medical practitioners and health professionals to assist them in refining their skills and improving the way Pap tests are performed.

VCS Inc. 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 & Funding Agreement with the Department of Human Services.

The organisation employs more than 100 staff in a variety of roles, including, administration, clerical, scientific, medical, courier, information technology and customer service staff. The Registry employs a further 10 staff in a variety of roles.

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



PRESIDENT'S REPORT



VCS Inc. has continued to provide high quality cervical cytology screening services to Victorian practitioners and women in 2006/07. The laboratory has maintained industry standard turn around times and has developed steady growth in market share, which is now at around 50.0%. The sustained delivery of high quality Pap test services, to meet the needs of referring practitioners and the women participating in screening, occurred against a backdrop of significant diversification for the organisation as a result of the implementation of the 2006-2009 Strategic Plan.

VCCR again proved to be leaders in their field highlighted by the seamless adaptation of its follow-up policies and procedures to comply with the new NHMRC Guidelines for the Management of Asymptomatic Women with Screen Detected Abnormalities. The Registry continues to act as a safety net for women with abnormalities and sends reminders to women who are overdue for regular screening.

I would like to thank the Governance Working Group (a subcommittee of the VCS Inc. Board of Directors), which was formed to consider the implications to the Rules of Incorporation arising from the broadened areas of expertise required as a consequence of the implementation of the 2006 – 2009 Strategic plan. The Working Party is reviewing the document accordingly with a view to presenting a revised version to the members in October 2007.

In addition I would like to thank the VCS Board of Directors for their highly valued and dedicated work during the past year. It has been my pleasure to work with a skilled, dedicated and professional Board over the past three years of my Presidency which has been a period growth for VCS Inc.

I sincerely congratulate Marion Saville for her ongoing leadership, and commend Marion for her continuous commitment to ensuring that the VCS Inc.'s Critical Success Factors are advanced. In particular I would like to recognise Marion's provision of support to the Commonwealth Cervical Screening Program staff during the introduction of the revised NHMRC Guidelines. Marion has also been actively ensuring VCS Inc contributes to the development of public health policy by serving on committees related to the prevention of cervical cancer.

The Senior Management team Mark Van Zuylekom and Associate Professor Dorota Gertig has continued, under the excellent direction of Marion Saville, to work at an exceptional level to progress avenues of diversification for the organisation. It is anticipated the organisation will be involved in significant growth and changes in 2008 which will be underpinned by pre established solid business processes and directions identified in the Critical Success Factors.

In closing I also extend my congratulations to all the staff at VCS Inc. Their combined efforts contribute to ensuring excellence in the provision of the core business of VCS Inc.

SANDY ANDERSON
President
Victorian Cytology Service Inc.



DIRECTOR’S REPORT



VCS Inc. has had another busy year. On the 3rd July 2006 we rolled out the new software (developed and tested in 2005/06) to support the introduction of the new National Health & Medical Research Centre (NHMRC) Guidelines for the Management of Asymptomatic Women with Screening Detected Abnormalities. This significant change in the way Pap tests are reported at VCS occurred without any interruption to the service we provide to women and their practitioners and allowed the organisation to move to a “paperless” model. This reflects particularly well on our IT team who worked in conjunction with staff members from all departments.

The diversified work in the laboratory continues to grow. Volumes of tests for Human Papillomavirus (HPV) and Chlamydia have grown throughout the year, as anticipated when these tests were introduced.

In October 2006 we underwent our regular tri-annual accreditation visit by the National Association of Testing Authorities (NATA). We were accredited for a further 3 years and were commended on our work in a number of areas including; the general running of the laboratory; the instruction sheet for doctors on the packaging and transport of histology specimens; the follow up of screener performance and the documented policy and procedure for specimen rejection.

Our Senior Liaison Physician Dr Stella Heley continues to experience an increased workload educating practitioners across Victoria in the changes to the NHMRC Guidelines and the implications of the Human Papillomavirus (HPV) vaccination. A new program that incorporates information about the HPV Vaccine was developed and delivered in conjunction with PapScreen Victoria to a large number of practices throughout Victoria, both urban and rural.

In recognition of the increased demand for the educational services offered by our Senior Liaison Physician, we recruited an additional liaison physician, Dr Siobhan Bourke. Siobhan’s background in family planning and medical education and her commitment to public health approaches to disease prevention will serve VCS Inc. well.

I would like to welcome Dr Trishe Leong, a pathologist who joined the service in a full time capacity this year. Dr Karen Talia rejoined VCS Inc. in a part time capacity after returning from maternity leave. Dr Leong and Dr Talia join a team of committed hard working pathologists who continue to deliver high quality Pap smear diagnosis through their specialization in this area.

“The quality of Pap smear reporting at VCS continues to be underpinned by very high quality reporting by our scientific staff”.

Our capacity to attract and retain staff in the scientific area has meant that we now have sufficient resources to match the incoming demand. This has meant that there has been no need for overtime in the scientific area this year. The quality of Pap smear reporting at VCS Inc. continues to be underpinned by very high quality reporting by our scientific staff.

VCCR continues in its role of reminding women about the need for their regular Pap smears and carrying out safety net functions for women who apparently are overdue for follow up after abnormal Pap smears.

The next year will be another year of substantial activity for the organisation and for cervical cancer prevention generally in Australia. VCS Inc. is well placed to continue to contribute to the prevention of this cancer at a national and international level.

During the year the organisation submitted an expression of interest and was the preferred provider for a commercial in confidence special project. The contract surrounding this project is complex and continues to be developed by the VCS Inc. Senior Management. Mr Mark Van Zuylekom, Associate Professor Dorota Gertig and Mr Matthew Cunningham have not only provided their expertise in the development of this contract but have also worked beyond expectations to meet necessary deadlines. An announcement regarding this project is expected later in 2008.

I would like to thank the VCS Inc. Senior Management team for their outstanding contributions during what has proven to be a challenging but exciting year. Their leadership and commitment is reflected in the morale of the organisation and our capacity to deliver a diversified range of activities, contributing to the implementation of our strategic plan.

Thank you also to all VCS Inc. staff for their continued involvement, participation, and for their patience and understanding through what has been another busy year.

Finally I would like to thank the Board of VCS Inc. for their wisdom, availability, flexibility and support. The Board have enthusiastically supported our involvement in new work while continuing to ensure that our core business operates at a high level of quality. In particular I would like to thank the President of the Board, Ms Sandy Anderson, for her significant contribution in maintaining good governance and providing solid leadership through what has been a diverse and challenging year for the organisation.

ASSOCIATE PROFESSOR MARION SAVILLE
Executive Director
Victorian Cytology Service Inc.





Early in the 2006/2007 financial year the 2006-2009 STRATEGIC PLAN was developed and launched. The plan contains the specific strategies required to be delivered during the next three years and focuses on 8 CRITICAL SUCCESS FACTORS. This report provides details of VCS Inc's achievements against those critical success factors.

1. Deliver excellence in core laboratory and registry services
2. Investigate and plan for diversification in testing
3. Maintain relationships with health practitioners
4. Maintain and develop partnerships and alliances
5. Maintain an appropriately skilled workforce
6. Maintain and build appropriate infrastructure
7. Contribute to the development of public health policy
8. Develop a program of research relevant to screening policy and new technologies.



1. Deliver excellence in core laboratory and registry services

QUALITY

VCS Inc. 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, National Pathology Accreditation Advisory Council (NPAAC), the Royal College of Pathologists Australia (RCPA) and the VCS Inc. insurers.

NATA assessed VCS in October 2006. We were assessed in the following laboratory disciplines:

- Cytopathology
 - Gynaecological (cervical)
 - Non-gynaecological
 - Fine needle aspiration of biopsy specimens
 - Gynaecological (other than cervical)
- Histopathology
 - Histopathology of biopsy material
- Miscellaneous tests
 - HPV and C.trachomatis DNA tests

No major non-conformances were found and the assessors complimented VCS on:

- The general running of the laboratory
- The instruction sheet for doctors on the packaging and transport of histology specimens
- The follow up of Screener performance
- The documented policy and procedures for specimen rejection.

Quality system activities are coordinated by the Quality Manager and supported by the quality management software, Q-Pulse which is designed to ensure all policy and procedure documents are reviewed and updated in accordance with NATA requirements. VCCR is in the process of transferring its policy documents to the QPulse system.

TURN AROUND TIMES

Turn around times for Pap tests have remained stable not exceeding 1.5 days from receipt at the laboratory to completion of the report. Histology reporting is also meeting its target with non complex specimens being processed within 48 hours of receipt, and more complex cases being reported within 72 hours of receipt.

“In October 2006 we underwent our regular tri-annual accreditation visit by NATA and were accredited for a further 3 years and commended on our work in a number of areas”.



2. Investigate and plan for diversification in testing

HPV and Chlamydia testing using Digene Hybrid Capture II is now fully established in the laboratory. To meet market demands these tests are run twice a week enabling timely reporting.

“Volumes of tests for HPV and Chlamydia have grown throughout the year, as anticipated when these tests were introduced”.



3. Maintain relationships with health practitioners

VCS

The organisation is continuing to monitor the needs of referring practitioners and will endeavour to provide and expand its services to accommodate those needs.

The volume of Pap tests received in the 2006/2007 financial year was 294,512 compared to 286,213 in 2005/06. Market share for the financial year was 50.4% compared to 50.0% in the 2005/06 financial year.

Seventy two educational sessions were held during the year for General Practitioners across Victoria either during the working day or after hours when requested. Dr Siobhan Bourke joined VCS Inc. as a liaison physician to assist the senior liaison physician Dr Stella Heley with these and ongoing sessions.

In conjunction with PapScreen Victoria, HPV immunisation updates were organised via the Divisions of General Practice to prepare the providers for the release of the HPV vaccine in July 2007. In total, 19 updates reaching an audience of 675 GPs, Nurse Practitioners, Practice Managers and in some cases council staff involved in vaccinations.

Customer Services Liaison Officer, Lyndal Ritchie, called on a large number of practices with a particular focus on increasing awareness of our capacity to carry out HPV and Chlamydia testing.



A Customer Survey Report conducted during the year showed that 99% of practitioners rated our performance as “high” or “very high”. Areas that VCS Inc. will focus on in response to the survey are:

- receiving correspondence electronically
- practitioner demographics
- turnaround times for specific tests
- recommendations for further clinical management
- topics for educational updates.

VCS attended trade booths at the following events:

- Australian Doctors Women’s Health Seminar, Melbourne University (Dr. Stella Heley presented to 190 registrants)
- Royal Australian College of General Practitioners, Brisbane, October 2006
- Australian Society of Cytology, Annual Scientific Meeting, Perth, November 2006
- General Practitioners Conference and Exhibition, Melbourne, November 2006
- GP Women’s Big Weekend 2, Marysville, Victoria
- Royal Women’s Conference, Melbourne, March 2007
- Royal Australian and New Zealand College of Obstetricians and Gynaecologists, Ballarat, April 2007
- Asia Oceania Research Organisation on Genital Infections & Neoplasia (AOGIN) (focus on HPV), Royal Women’s Hospital, June 2007.



4. Maintain and develop partnerships and alliances

COMMITTEE PARTICIPATION

Dr Marion Saville is a member of following committees:

- Membership Committee of the International Academy of Cytology
- Evolving Technologies Committee of the International Academy of Cytology
- Advisory Committee for PapScreen Victoria
- NSW Cancer Screen Advisory Committee
- Australian Technical Advisory Group on Immunisation - Human Papillomavirus Working Party
- Victorian Collaborative Gynaecological Oncology Group
- Medical Services Advisory Committee (MSAC) Reference No 39: HPV Triage for Pap smears.

Assoc Prof Dorota Gertig is a member of the following committees:

- Victorian Collaborative Oncology Group
- PapScreen Victoria Advisory Committee
- BreastScreen Australia Mortality Feasibility Study Expert Technical Advisory Group
- Department of Health and Ageing - National Safety Monitoring Committee for the NHMRC Guidelines for the Management of Asymptomatic Women with Screen Detected Abnormalities
- Primary Care and Population Health Committee, Royal Women's Hospital
- Scientific Committee, Victorian Breast Cancer Research Consortium.

Cathy Burrows, VCCR Follow-Up/Quality Manager is a member of the following Committees and attended the following meetings:

- Papscreen Victorian Advisory Committee
- National Pap Test Registries Meeting.

Cathryn Wharton, VCCR Health Information Manager attended the following meetings:

- National Pap Test Registries Meeting Sydney.

VCS Managing Pathologist Ruth Salom is a member of the following committees:

- Victorian Collaborative Oncology Group
- The Cancer Council Skin Cancer Committee
- Peninsula Health, Quality and Clinical Governance
- Peninsula Health - Board Member
- Royal College of Pathologists Australia Examination Committee
- Australian Dermatopathology Society
- Monash University Medical Entrance Interview.

VCS Laboratory Manager Gillian Phillips is a member of the following committees:

- Chair, Royal Women's Hospital Human Research Ethics Committee
- RMIT University Laboratory Medicine Program Advisory Committee.

VCS Senior Scientist, Grace Tan is a member of the following committees:

- Board of Examiners, Australian Society of Cytology.



TEACHING

RMIT Cytology Courses

The VCS external teaching coordinator Noni Christou and two external teaching assistants completed teaching the RMIT subject Cytopathology 1 in the latter half of 2006 at RMIT in Bundoora.

In the first semester of 2007 they taught the RMIT Cytology 2 course which attracted the unexpectedly high number of 25 students. VCS hosted this advanced subject at our Carlton facility. Despite the limited space available at VCS to accommodate the extra students, they provided very positive feedback in their RMIT Course Experience Survey. This generated an excellent GTS (Good Teaching Scale) score of 87.9% for the course. (The GTS is generated from student responses on a formal questionnaire and is instrumental in informing course planning and funding for the University). Noni and her team received a letter from Professor Harry Majewski, Head of School of Medical Science, commending them on this excellent result.

VCS Gynaecological Cytology Courses

The annual VCS External Courses in basic and advanced gynaecological cytopathology were held at VCS in July/August and were both fully subscribed. Course work was taught by VCS pathologists and senior scientists in small group tutorial sessions. Feedback on the quality of the courses was received from all participants and was overwhelmingly positive. The course notes were revised to include updated references and information pertinent to the new NH&MRC Guidelines.

Cervical Screening in Pacific Nations

VCS' support of Pap smear testing in the South Pacific region has continued. Preliminary results of testing in Samoa have revealed high numbers of abnormalities, supporting the value of this project.

Pathology Registrars/Medical Students

Dr Alison Skene, Dr Ruth Salom, Dr Karen Talia and Dr Trishe Leong coordinated weekend training sessions at VCS for Pathology Registrars in preparation for their RCPA Cytology exams, Part 1 and Part 2. This course is the only gynaecological cytology course offered to Pathology Registrars in Victoria and was well attended.

Medical staff at VCS continue to provide weekly education sessions, including a tour of the laboratory, to Medical Students. VCS also teaches O&G Registrars, which is coordinated through the Royal Women's Hospital.

FIGO IGCS Fellowship

VCS and Professor Michael Quinn of the Royal Women's Hospital hosted a Fellow, Gynaecological Oncologist Dr Maria Palomino of Colombia from late October to mid December 2006. Dr Palomino expressed her thanks for the experience and "felt that the knowledge and experienced gained will form the foundation for the essential ingredients necessary to implement an effective cervical screening program in other countries".





5. Maintain an appropriately skilled workforce

MEDICAL

Dr Siobhan Bourke has been recruited in a part time position as liaison physician to assist Dr Stella Heley with education sessions and updates in regional and metropolitan areas. Two pathologist’s were recruited, Dr Karen Talia (part time) and Dr Trishe Leong.

CYTOLOGY SCREENING

Three trainee cytology scientists successfully completed their training in the last quarter of 2006/07. As staff levels in the screening area have remained high only one of the successful trainees was offered an ongoing position at VCS Inc. The other two successful trainees have found suitable employment in other laboratories.

Two further scientists were trained in the use of the ThinPrep Imaging System during the quarter.



VCCR

Key staff changes have occurred in VCCR. VCCR Health Information Manager, Valerie Scott, resigned in August. The roles of the senior staff were subsequently reviewed to distribute the workload more appropriately and bring the Registry structure in line with other State Registries. Cathy Burrows, presently the Data Manager, will now focus her activities on Follow up and Quality assurance and has an enhanced role in strategic projects for the Registry, reflecting her long-standing expertise in these areas. The new Health Information Manager/Data Manager, Cathryn Wharton is responsible primarily for data management, statistical reports and liaising with external stakeholders regarding data requests. Clerical staff supervision remains the responsibility of the Senior Data Processing Officer/Supervisor, who now reports directly to the Medical Director.

Penny Allen was appointed in the newly created position of personal assistant to the Medical Director of VCCR.

VCS INCORPORATED

All staff were offered hepatitis B serology and, where appropriate, vaccinations. This immunisation program was rolled out in the second half of the year. All new staff will be offered the vaccination as part of their induction.

Development of Human Relations and OH&S Policies and Procedures continue to be a focus for the organisation.



6. Maintain and build appropriate infrastructure

NHMRC GUIDELINES

Reporting and procedural changes were implemented to accommodate the NH&MRC Guidelines for the Management of Asymptomatic Women with Screen Detected Abnormalities. Despite the major changes to the Pap reporting system during this time there were very few problems encountered, and overall, the transition to the new system went very smoothly. The scientific staff are enjoying the upgraded computer functionality that accompanied the change. This upgrade has allowed us to dispense with the need for scientists and pathologists to have access to hard copies of Request Forms; all work is now performed using the Request Form image.

PROVISION OF MEDIPATH ELECTRONIC RESULTS

In response to the needs of the market the VCS IT development team, in conjunction with the Medipath Program developers, established the functionality to provide practitioners with electronic results for Histology, HPV and Chlamydia. With this upgrade VCS can now provide electronic results for all specimens, ensuring that practitioners are provided with timely reports.

FINANCE SYSTEM UPGRADE

VCS Inc. successfully upgraded from MYOB accounting software in February 2007 to Microsoft Great Plains. This new software will provide the organisation with greater ability to produce electronic profit and loss statements and will enable greater flexibility in reporting. The software also allows an increased capacity for growth in the organisation. The finance team is to be congratulated on the speedy and effective implementation which occurred with a minimum of interruption to finance functions.

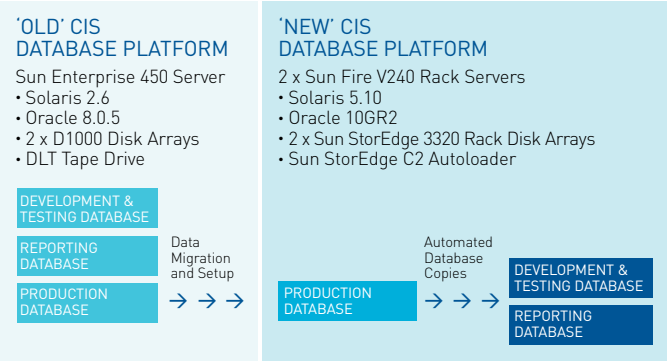
PAYROLL SYSTEM UPGRADE

The Pay Global payroll system also required an upgrade to a new server for two reasons: the earlier 1.93 version of Pay Global would no longer be covered for service and, the current VCCR employees were transferred from their exclusive payroll database to the new VCS Inc. payroll database which encompasses both payrolls. Sally Wilson, Human Resources and Andrew Trinh in IT were instrumental in the seamless success of this transfer and upgrade.

VCS INC DATABASE SERVER UPGRADE

The project to replace the Sun Enterprise 450 server (i.e. CIS database server) was successfully and seamlessly completed. The upgrade was implemented on time and on budget and without interruption to key services.

An overview of the migration project is outlined in the diagram below:



CIS PRODUCTION DATABASE UPGRADE/MIGRATION PROJECT

- Successfully delivered on schedule and budget
- 437 tables containing ~ over 132 million rows of data
- Test and migrate over 1,700 CIS database objects including functions, procedures, packages, triggers, views, synonyms, sequences, indexes
- CIS application testing on over 100 function points, programs and reports
- Re-configuration of all CIS components including Queue Managers, Async Tasks, and Worker Tasks
- 3 day migration process including over 70 distinct tasks, and involving 8 VCS staff
- 7 month project, including an implementation phase of 3 months involving numerous VCS & VCCR staff, and contracted suppliers
- \$102,366 investment in equipment and contracted services
- Project team included 11 VCS & VCCR Staff

Tangible benefits already accrued from this upgrade include improved CIS performance, operational cost savings of over \$24,000 per annum, and a separate Report and Testing environment which has improved operational flexibility and stability.

E.CLINIC SECURE FILE TRANSFER

In conjunction with eClinic, VCS IT department has developed a facility to allow secure delivery of electronic files to its users. This facility will enable Patient Lists, Practice Based Reminders and Practice Incentive Programs (PIP) lists to be transmitted securely from VCS/VCCR to client sites.

7. Contribute to the development of public health policy

- At the Commonwealth level, Marion Saville and Stella Heley have served on the HPV working party for ATAGI¹
- Marion Saville and Dorota Gertig are members of PapScreen Victoria's Advisory Committee
- Marion Saville reviewed Cervical Cancer Chapter in National Cancer Prevention Policy 2007-09 for The Cancer Council Australia
- Marion Saville and Dorota Gertig were keynote speakers at a national meeting to discuss the implications of HPV Vaccine to be convened by the Cancer Council Australia and supported by the Department of Health and Ageing
- Dorota Gertig participates on the Department of Health and Ageing National Safety Monitoring Committee for the NHMRC Guidelines for the Management of Asymptomatic Women with Screening Detected Abnormalities
- Marion Saville continues as a member of the NSW Screening Advisory Committee
- Marion Saville is a member of the recently established advisory panel to MSAC² considering the role of HPV testing in the triage of low grade smears (Reference 39).

1 Australian Technical Advisory Group in Immunisation.
2 Medical Services Advisory Committee.



8. Develop a program of research relevant to screening policy and new technologies

- The Laboratory continues to support ongoing research projects, including the Women's HPV Indigenous Non-indigenous Urban Rural Study (WHINURS trial) and a trial investigating the effects of DHEA
- The NHMRC grant submitted by Dr John Condon and colleagues in the Northern Territory on the epidemic of vulvar cancer among indigenous women was successful. Dorota Gertig is an Associate Investigator on this grant.
- A literature review of the use of HPV testing in primary screening for cervical cancer is ongoing.
- A review of the significance of Normal Endometrial Cells in Pap smears led by one of VCS's Senior Scientists', Lesley Rowland in collaboration with Marion Saville and Dorota Gertig, has been completed and submitted for publication.
- VCS Inc are collaborating in an NHMRC project grant with Professor Suzanne Garland entitled "Genetic and environmental factors in invasive cervical cancer: a twin study". The project was awarded funding from the Cancer Council and the NHMRC. This project aims to examine environmental and genetic factors related to HPV persistence and the development of high grade lesions in women infected with HPV, using a twin design.
- VCS Inc are working in collaboration with Michael Quinn in the project "Management of AIS in Victoria". A visiting Columbian Gynaecologic Oncology Fellow, Marianna Palomino, conducted a feasibility study of VCCR data on management of AIS in October and drafted a literature review for publication. Ethics approval for this study will now be sought, to contact practitioners to obtain more detail regarding the management and outcomes of women with AIS.
- Dorota Gertig was a member of the Expert Technical Advisory Group for the BreastScreen Australia Mortality Feasibility Study Expert Technical Advisory Group, which has drafted a plan for the evaluation of BreastScreen Australia.
- Marion Saville is an author on a paper entitled "Why have the diagnoses rates of Trichomonas vaginalis declined so dramatically among Victorian women (1947-2005)?" which has been submitted for publication.
- Marion Saville participated in a submission for NHMRC funding entitled: "Regulation of the Brn-3a transcription factor by genetic and environmental factors and its role in cervical cancer".



“The Laboratory continues to support ongoing research projects”.



SENIOR OFFICERS



Executive Director and Public Officer

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

Epidemiologist of VCS and Medical Director of VCCR

Associate Professor Dorota Gertig
MBBS (Hons), MHSc, ScD, FAFPHM

Business Manager

Mark Van Zuylenkom BSc, MBA, GAICD

Managing Pathologist

Associate Professor Ruth Salom
MB BS, MD, BMedSci (Hon), FRCPA, MBA, MIAC.

Pathologists

Henry Yeung MB, BS, FRCPA
Kristy Dundas MB, BS, FRCPA
Siew Chin Lian MB, BS, FRCPA
Alison Skene MB., BS., B.Med.Sc.(Hons), FRCPA
Trishe Leong MB, BS(Hons), FRCPA
Karen Talia MB, BS(Hons), FRCPA

Senior Liaison Physician

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

Liaison Physician

Siobhan Bourke FACHSHM, MPH, MBBS(hon),
Grad Cert PH (Sexual Health)

Laboratory Manager

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

Information Technology Manager

Matthew Cunningham BBus(InfoSys), MIS

Data Manager VCCR

Cathryn Wharton BAppSc, GradCertHlthInfo

Follow-Up/Quality Manager VCCR

Cathy Burrows BSc (Hons)

External Teaching Coordinator

Noni Christou BAppSc, CT (ASC)

Finance Manager

Pauline Lomas B.Bus(Acc), ASA

Human Resources

Sally Wilson BA/B.Com

Quality Manager

Cheryl Jones B.App Science
(Medical Technology), Grad Dip Bus Admin





BOARD MEMBERS



Ms Sandy Anderson, President

Ms Anderson was appointed to the Board in 2000 to fill the role of Nurse with expertise in family planning and was appointed as President of the VCS Inc. Board in 2004. 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 seven years in a role working with nurse Pap test providers throughout the state and as part of that role has also Coordinated the Victorian Nurse Pap Test Credentialling Program since 2003. Ms Anderson was recently appointed as a Member of the Victorian Civil and Administrative Tribunal in her nursing capacity in relation to the enactment of the Health Professionals Act 2005. 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 Elisabeth Banks, Immediate Past President

Dr Banks is a long standing member of the Board joining in 1989 and resided as President from December 2001 retiring in 2004. 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.

Ms Dorothy Reading

Ms Reading has served on the Board since 1989 and was chairperson 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 Breast Screen 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 soon to be released 2004-06 updated. Ms Reading has been nominated to represent the Cancer Council Australia on the new Australian Screening Advisory Committee. Ms Reading resigned from the Board in February 2007.

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.

Professor Julia Shelley – Deputy President

Prof Shelley has participated on the Board since 1991 as the representative for Epidemiology. Prof Shelley’s research focuses on women’s reproductive health including the epidemiology of Pap smear screening. Prof Shelley is currently a senior lecturer at Deakin University for the School of Health and Social Development and was appointed Deputy President to the VCS Board in 2004.

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 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 Neesham’s term expired in April 07.

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.

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 located at the Well Women’s Clinic at the Mercy Hospital for Women.

Dr Peter Grant

Dr Grant joined the VCS Board in 2004 as the representative of Gynaecological Oncology. Dr Grant is currently the Director of the Gynaecological Oncology Department at the Mercy Hospital for Women and is a clinical collaborator for the Australian Ovarian Cancer Study at the Peter MacCallum Cancer Institute. Dr Grant is also the Chairman of Gynaecological Oncology Subspecialty Committee of RANZCOG and a member of the Oncology subcommittee RACOG.

Ms Nicole Mollard

Ms Mollard joined the VCS Board in June 2005 as a representative of management with legal expertise. Ms Mollard is currently a Medical Faculty Tutor and Criminal Law Lecturer at Monash University. Ms Mollard has extensive experience in Health Law Practice and Bioethics.

Ms Kate Broun

Ms Broun joined the VCS Board in September 2005 as a representative of the Cancer Council Victoria. Ms Broun is the Communications and Recruitment Program Manager of PapScreen Victoria and has extensive experience in health promotion, particularly women’s health.

VICTORIAN CERVICAL CYTOLOGY REGISTRY
MEDICAL DIRECTOR’S REPORT

In 2006, more than 572,000 Pap tests were registered by the Victorian Cervical Cytology Registry (VCCR), representing almost 541,000 women. In its role as a safety net for the cervical screening program, VCCR sent almost 258,000 follow-up and reminder letters to women and practitioners.

As a consequence of major changes occurring in the cervical screening program, in particular the release of the new NHMRC guidelines for screening of asymptomatic women, VCCR had a particularly busy year in 2006-7. VCCR under the leadership of Heather Mitchell prior to her retirement, was involved in writing new business rules for the implementation of the guidelines on the supporting computer system and implemented substantial changes to follow-up procedures, particularly for women with low-grade abnormalities. This generated additional administrative activities and correspondence for VCCR staff, who took on the additional work with great professionalism and without additional resources. VCCR responded to many additional queries about reminders and follow-up activities from women and their doctors.

VCCR continues to play an important role on a national level in cervical screening policy. I currently participate as a member of the National Safety Monitoring Committee, which is responsible for monitoring the new NHMRC Guidelines. Together with Marion Saville, I presented at an invitation-only workshop organised by the Cancer Council in April and have given a number of seminars on cervical screening issues. Cathy Burrows, Quality and Follow Up Manager, and I are members of the PapScreen Advisory Committee, and I participate in the Expert Technical Group for the evaluation of BreastScreen Australia (Mortality study) and the Victorian Breast Cancer Research Consortium Scientific Committee.

Cathy Burrows was a member of both the Minimum Data Set (Cervical) and Data Dictionary Working Group and the Protocols Working Group which is developing a standard Follow-up Protocol for Australian Registries.

In November, a new data manager, Cathryn Wharton, was appointed to VCCR. Cathryn is focusing on improving our provision of data and statistical reporting, as well as assisting in research activities.

“The Registry continues to play an important role on a national level in cervical screening policy”.

The good working relationship between VCCR and pathology laboratories continued. VCCR worked closely with the reporting laboratories to implement the common coding schedule for Cervical Cytology Reports by all Pap test Registers in Australia. VCCR continues to provide laboratories with data to assist with the RCPA QAP Performance Standards.

The VCCR Annual Statistical Report for 2005 was redesigned and revised at the beginning of 2006. Additional information on cervical cancer incidence was kindly provided by the Victorian Cancer Registry and a new section on Pap tests taken by Nurses was included. In the next year’s report, new data on screening histories of women with cancer, recommendation codes and participation rates by local government area will also be presented.

VCCR continues to collaborate on a number of research projects and I am a co-investigator on a study run by Professor Suzanne Garland, “Genetic and Environmental factors in invasive cervical cancer: a twin study” and I am also collaborating on a study of the management of Adenocarcinoma in situ with Professor Michael Quinn. VCCR also works closely with PapScreen Victoria and provided data to PapScreen on Pap test screening in the Grampians and Western regions for evaluation of the October/November 2006 media campaign. VCCR also provided PapScreen with de-identified postcode data of all women screened in 2005 for an analysis to determine Pap test screening rates among women of different socioeconomic groups and assess the effectiveness of the 2005 media campaign across socio-economic groups.

The accomplishments of VCCR would not be possible without the dedicated support of its staff and I would like to take this opportunity to thank them for their efforts during such a busy year.

DOROTA GERTIG
Medical Director
Victorian Cytology Service Inc.

The following table shows the average daily number of Pap tests registered in the four quarters of the year.

		Age Group (years)							
		Total	<20	20-29	30-39	40-49	50-59	60-69	70+
2006	3rd qrt	2246	51	446	579	537	394	208	31
	4th qrt	2309	49	451	591	540	404	235	39
2007	1st qrt	2370	58	489	608	553	405	223	34
	2nd qrt	2367	54	469	596	559	416	237	36





Financial Report 2007



TREASURER'S REPORT



Victorian Cytology Service experienced growth in revenue during the 2006/7 financial year of 6.7% (excluding capital funding) when compared with 2005/6, which was a pleasing result and greater than anticipated. Revenue was generated from cervical cancer screening grants, cancer recruitment grants, trading activities and the provision of training courses, totalling \$10.1m. The increase was due in the main to additional funding received from the Department of Human Services, an increase in interest received as a result of increased interest rates and significant growth in Digene HCII HPV and Chlamydia Hybrid Capture testing. Capital funding of \$150,000 was also received during the year to enable the purchase of equipment which will streamline the laboratory's capabilities for testing of HPV and Chlamydia and assist in continued growth.

The additional funding was utilised to finance an increase in operating expenses of 4.8%, of which 2% related to staff costs.

The net surplus from normal operating activities was \$413,485, reduced to \$107,761 after deducting one off investment into new projects.

The number of women screened for cervical cancer for the financial year was 294,512 (2006 286,212) as compared with a target of 280,000.

Victorian Cervical Cytology Registry (a division within Victorian Cytology Service Inc.) generated revenue from cancer surveillance grants and interest of \$1.1m during the 2006/7 year, compared with \$1.05m in 2005/6, equating to an increase of 4.3%. Expenditure increased by 7.9%, yet a surplus of \$77,134 was achieved.

The Department of Human Services provided valuable funding during the 2006/7 year as in previous years, which enabled Victorian Cytology Service Inc. to continue it's efforts to provide crucial and effective services in the area of women's health, including education, the provision of well regarded cytology training to the profession and a confidential database of women's Pap test results in Victoria. The introduction of two additional tests (HPV and Chlamydia) during 2005/6 enhanced the services available to women from a central source.

JULIANN BYRON
Treasurer
Victorian Cytology Service Inc.



VICTORIAN CYTOLOGY SERVICE INC.
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2006/7 \$	2005/6 \$
VICTORIAN CYTOLOGY SERVICE			
Revenue from continuing operations			
Operating grants		8,231,618	7,885,115
Capital grant		–	95,278
Program grants		589,417	572,783
Indirect contributions by Human Services	2	4,732	4,032
Trading activities		1,019,028	812,324
Bank interest		284,242	238,245
Profit on Sale of Non Current Assets		23,892	–
		10,152,929	9,607,777
Expenditure			
Wages and salaries		7,539,358	7,388,924
Operating and administration costs		1,143,861	1,076,336
Medical supplies		639,707	499,023
Depreciation and amortisation		416,518	330,484
Loss on sale of non current assets		–	2,207
Special project costs		305,724	–
		10,045,168	9,296,974
Operating surplus for the year		107,761	310,803

VICTORIAN CERVICAL CYTOLOGY REGISTRY

Revenue from continuing operations			
Operating grants		1,021,215	992,680
Other income		–	229
Bank interest		79,964	62,406
Profit on Sale of Non Current Assets		2,129	–
		1,103,308	1,055,315
Expenditure			
Wages and salaries		759,714	648,687
Operating and administration costs		248,026	271,685
Depreciation and amortisation		18,434	29,007
		1,026,174	949,379
Operating surplus for the year		77,134	105,936
Total operating surplus for the year		184,895	416,739

VICTORIAN CYTOLOGY SERVICE INC.
BALANCE SHEET AS AT 30 JUNE 2007

	Notes	2006/7 \$	2005/6 \$
Current assets			
Cash and cash equivalents	4	3,259,951	2,749,258
Financial assets		2,887,663	2,755,991
Trade and other receivables	5	246,375	161,920
Inventories	6	40,535	71,251
Other current assets	7	176,266	112,488
Total current assets		6,610,790	5,850,908
Non-current assets			
Plant, equipment & vehicles	8	1,054,849	1,136,954
Intangible assets	9	51,961	36,822
Total non current assets		1,106,810	1,173,776
Total assets		7,717,600	7,024,684
Current liabilities			
Unexpended grants	10	203,280	–
Payables	11	946,893	809,144
Provisions	12	1,686,255	1,600,908
Total current liabilities		2,836,428	2,410,052
Non-current liabilities			
Provisions	12	511,400	429,755
Total non current liabilities		511,400	429,755
Total liabilities		3,347,828	2,839,807
Net assets		4,369,772	4,184,877
Equity			
Retained surplus	13	4,369,772	4,184,877
Total equity		4,369,772	4,184,877

STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2007

	Retained Surplus \$	Total Equity \$
Balance at 1 July 2005	3,768,138	3,768,138
Operating surplus for the year	416,739	416,739
Balance at 30 June 2006	4,184,877	4,184,877
Operating surplus for the year	184,895	184,895
Balance at 30 June 2007	4,369,772	4,369,772

VICTORIAN CYTOLOGY SERVICE INC.
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2006/7 \$	2005/6 \$
Cash flows from operating activities			
Receipts			
Receipts from trading activities		979,181	830,337
Interest received		187,926	145,456
Receipts from grants		11,233,034	10,500,441
Payments			
Wages and salaries		[8,138,861]	[8,019,552]
Suppliers		[3,408,622]	[2,723,148]
Net cash inflow from operating activities		852,658	733,534
Cash flows from investing activities			
Purchase of plant and equipment		[503,291]	[800,048]
Proceeds from sale of plant and equipment		161,326	179,952
Interest received		131,672	129,659
Net cash flow from investing activities		[210,293]	[490,437]
Net increase (decrease) in cash held			
Cash and cash equivalents at the beginning of the financial year		2,617,586	2,506,162
Cash and cash equivalents at the end of the financial year		3,259,951	2,749,258
Reconciliation of net cash provided by operating activities to operating result			
Operating surplus (deficit)		184,895	416,739
Add depreciation and amortisation		434,952	359,491
Loss (profit) on sale of fixed assets		[26,021]	2,207
Change in operating assets/liabilities			
(Increase) decrease in accounts receivable		[148,233]	[145,104]
(Increase) decrease in inventories		30,716	17,647
(Decrease) increase in accounts payable		341,025	94,887
(Decrease) increase in provision for employee entitlements		166,996	[12,333]
		984,330	733,534

VICTORIAN CYTOLOGY SERVICE INC.
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

NOTE 1: STATEMENT OF SIGNIFICANT
ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act Victoria.

The financial report covers Victorian Cytology Service Inc., an Association incorporated on 3 September 1991 in Victoria under the Associations Incorporation Act 1981. Victorian Cytology Service Inc comprises the Victorian Cytology Service and the Victorian Cervical Cytology Registry.

The following is a summary of the material accounting policies adopted by the association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.



ACCOUNTING POLICIES

(a) Income Tax

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

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first in, first out principal

(c) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Assets are capitalised when in excess of \$1,000.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.



Depreciation

The depreciable amount of all fixed assets including building is depreciated on a straight-line basis over the assets useful lives commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5-50%
Motor Vehicles	25%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

(d) Leases

Lease payments for 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.

(e) Financial Instruments

Recognition

Financial instruments are classified depending on the purpose for which the investments were acquired. Management determines the classification of it's investments at initial recognition.

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(f) Impairment of Assets

At each reporting date, the Association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. 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.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks and other short-term highly liquid investments with original maturities of three months or less.

(i) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(j) Government grants

Government grants relating to operational expenditure are recognised upon receipt from the Department of Human Services.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Critical Accounting Estimates and Judgments

The management evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

Key estimates – impairment:

The association assesses impairment at each reporting date by evaluating conditions specific to the association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key judgements – provision for impairment of receivables:

A provision for impairment of trade receivables is established where there is evidence that the debts will not be collectible. Delinquency in payments (more than 60 days) is considered an indicator that the trade receivable is impaired. The directors do not believe the full amount of the trade receivables will be recoverable and accordingly, an impairment provision has been made at 30 June 2007.

**NOTE 2: INDIRECT CONTRIBUTIONS
BY HUMAN SERVICES VICTORIA**

The Department of Human Services makes certain insurance 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.

VICTORIAN CYTOLOGY SERVICE INC.
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

	2006/7	2005/6
	\$	\$
NOTE 3: OPERATING EXPENSES		
The net result has been determined after:		
Auditors remuneration - auditing the accounts	9,600	9,000
Rental expenses on operating leases	28,775	41,982

NOTE 4: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	82,911	163,985
Deposits at call	3,177,040	2,585,273
	3,259,951	2,749,258

NOTE 5: TRADE AND OTHER RECEIVABLES

Current		
Trade debtors and accrued revenue	126,527	81,299
Provision for impairment of receivables	[15,093]	[9,712]
	111,434	71,587
Interest receivable	134,941	90,333
	246,375	161,920

NOTE 6: INVENTORIES

Medical and surgical supplies	40,535	71,251
	40,535	71,251

NOTE 7: OTHER CURRENT ASSETS

Prepayments	176,266	112,488
	176,266	112,488

	2006/7	2005/6
	\$	\$
NOTE 8: PLANT, EQUIPMENT & VEHICLES		
Plant and equipment at cost	3,170,934	3,004,063
Accumulated depreciation	[2,441,694]	[2,218,300]
Written down value	729,240	785,763
Vehicles at cost	433,629	462,273
Accumulated depreciation	[108,020]	[111,082]
Written down value	325,609	351,191
Carrying amount at the end of the year	1,054,849	1,136,954

	Plant & equipment	Motor Vehicles	Total
Movement in carrying amounts			
Balance at the beginning of the year	785,763	351,191	1,136,954
Additions	240,767	214,138	454,905
Disposals	–	[135,234]	[135,234]
Depreciation	[297,290]	[104,486]	[401,776]
Carrying amount at the end of the year	729,240	325,609	1,054,849
	2006/7	2005/6	
	\$	\$	

NOTE 9: INTANGIBLES

Software and licences at cost	244,358	196,044
Accumulated amortisation	[192,397]	[159,222]
Carrying amount at the end of the year	51,961	36,822

	Software	Licences	Total
Movement in Carrying Amounts			
Balance at the beginning of the year	23,865	12,957	36,822
Additions	48,386	–	48,386
Disposals	[71]	–	[71]
Amortisation	[22,353]	[10,823]	[33,176]
Carrying amount at the end of the year	49,827	2,134	51,961

VICTORIAN CYTOLOGY SERVICE INC.
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

NOTE 10: UNEXPENDED GRANTS

The Association receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the Association to treat grant monies as unexpended grants in the balance sheet where the entity is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

	2006/7	2005/6
	\$	\$

NOTE 11: PAYABLES

Current

Trade creditors	233,056	209,561
Other creditors	713,837	599,583
	946,893	809,144

NOTE 12: PROVISIONS

Employee benefits

Current

Provision for annual leave - short term	637,781	595,501
Provision for annual leave - long term	244,090	190,512
Provision for long service leave	678,542	689,052
Provision for sabbatical leave	125,842	125,843
	1,686,255	1,600,908

Non-Current

Provision for long service leave	511,400	429,755
	511,400	429,755

Employee numbers

Average number of employees during the financial year	128	124
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NOTE 13: RETAINED SURPLUS

Retained surplus	4,184,877	3,768,138
Surplus/Deficit for the year	184,895	416,739
Retained surplus at the end of the year	4,369,772	4,184,877



NOTE 14: FINANCIAL INSTRUMENTS

The organisation's principal financial instruments comprise of cash and short term deposits and finance leases, along with various other financial assets and liabilities such as trade receivable and trade payables which arise from its operations.

a) Credit Risk Exposure

The credit risk on financial assets of the organisation which have been recognised on the Income Statement, is generally the carrying amount, net of any provisions for doubtful debts. Receivables are monitored on a regular basis to ensure the exposure to bad debts is not significant.

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.

	Floating interest rate	Non-interest Bearing	Total
	\$	\$	\$
2007			
Financial assets			
Cash and cash equivalents	3,259,061	890	3,259,951
Financial assets	2,887,663	-	2,887,663
Trade and other receivables	-	246,735	246,735
	6,146,724	247,625	6,394,349
Weighted average interest rate	6.27%		
Financial liabilities			
Trade and other creditors	-	946,893	946,893
Net financial assets(liabilities)	6,146,724	[699,268]	5,447,456

2006

Financial assets			
Cash and cash equivalents	2,748,688	570	2,749,258
Financial assets	2,755,991	-	2,755,991
Trade and other receivables	-	161,920	161,920
	5,504,679	162,490	5,667,169
Weighted average interest rate	5.62%		
Financial liabilities			
Trade and other creditors	-	809,144	809,144
Net financial assets (liabilities)	5,504,679	[646,654]	4,858,025

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.



VICTORIAN CYTOLOGY SERVICE INC.
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

NOTE 15: SEGMENT REPORTING

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

NOTE 16: ASSOCIATION DETAILS

The principal address of the business of the Association is:
Victorian Cytology Service Inc.
752 Swanston Street
Carlton South, Vic. 3053

NOTE 17: 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 2007.
The Directors did not receive any remuneration during the financial year ended 30 June 2007.

	2006/7	2005/6
Key management personnel compensation	\$	\$
Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of Victorian Cytology Service Inc.		
Short term employee benefits	767,068	910,204
Post-employment benefits	49,079	102,873
	816,147	1,013,077

NOTE 18: DEFINED BENEFIT SCHEME

The Association contributes to a Defined Benefit Scheme maintained by Health Super Fund and has an ongoing obligation to share in the future experience of the Fund. Favourable or unfavourable variations may arise should the experience of the Fund differ from the assumptions made by the Fund’s actuary in estimating the Fund’s accrued benefits liability.

The trustee of the Scheme has determined that the notional excess net assets attributable to the staff who are members of the scheme for the year ended 30 June 2007 total \$78,308. The actuary has advised that the contributions will remain unchanged for the current year.



	2006/7	2005/6
	\$	\$

NOTE 19: COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at reporting date but not recognised as liabilities is as follows:

Plant and equipment		
Payable:		
Within one year	32,000	–
	32,000	–
Intangible assets		
Payable:		
Within one year	85,000	–
	85,000	–

(b) Lease commitments

The Association has leased office premises under a non-cancellable operating lease expiring within five years with renewal rights. On renewal, the terms of the lease will be renegotiated.

Commitment in relation to the lease contracted for at the reporting date but not recognised as a liability, payable:

Within one year	99,257	–
Later than one year but not later than five years	303,009	–
	402,266	–



VICTORIAN CYTOLOGY SERVICE INC.
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

NOTE 20: CONTINGENT LIABILITIES


There were no contingent liabilities at 30 June 2007.

NOTE 21: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No significant events have occurred since reporting date.



AGENCY CERTIFICATION



Victorian Cytology Service
Incorporated ABN 35 430 554 780
PO Box 178, Carlton South,
Victoria 3053 Australia
Telephone: +61 3 9250 0300
Facsimile: +61 3 9349 1949
Director: Marion Saville MBChB,
An Bd (Anat Path & Cytopath), FRC,
Grad Dip Med (Clin Ep),
www.vcs.org.au

AGENCY CERTIFICATION

Manager's Annual Certificate


We certify that Victorian Cytology Service Inc. has complied with the terms and conditions of the Service Agreement dated 26 June 2006 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 able 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 lodgment 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 2007

- ✦ fairly presents the financial position for the year then ended and performance as at 30 June 2007 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 Income Statement



Dr Peter Grant
Chairperson

Date: 16/11/2007



Mr. Mark Van Zuylekom
Business Manager

Date: 16/11/07

INDEPENDENT AUDIT REPORT



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICTORIAN CYTOLOGY SERVICE INC.

Report on the Financial Report

We have audited the accompanying financial report of Victorian Cytology Service Inc. (the association) which comprises the balance sheet as at 30 June 2007 and the income statement, statement of recognised income and expenditure and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by members of the directors.

Directors' Responsibility for the Financial Report

The directors of the association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act (Vic) 1981. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion:

The financial report of Victorian Cytology Service Inc. is in accordance with the Associations Incorporation Act (Vic) 1981 including:

- a. giving a true and fair view of the Association's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act (Vic) 1981.

Signed in Melbourne the day of 16 November 2007

WHK Day Neilson
WHK Day Neilson

Margaret Crossley
Margaret Crossley
Principal

Total Financial Solutions

Offices at: Geelong, Werribee, Bellarine Peninsula,
Stawell, Ballarat and Ararat



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