

Corporate Governance Statement :
Greater Western Area Health Service
Period: 1 July 2010 to 31 December 2010



Health

CORPORATE GOVERNANCE STATEMENT

GREATER WESTERN AREA HEALTH SERVICE

The following Corporate Governance Statement was endorsed by the Chief Executive of the *Greater Western Area Health Service (AHS)* on the date below.

The Chief Executive is responsible for the corporate governance practices of the *Greater Western Area Health Service*. This statement sets out the main corporate governance practices in operation within the organisation for the 2010-2011 financial year *for the period 1 July 2010 to 31 December 2010*.

A signed copy of this statement was submitted to the Department of Health on 23 August 2011

Signed:



Michael Wallace
Chief Executive, Health Reform Transitional Organisation (Western)

Date: 23 August 2011

ESTABLISH ROBUST GOVERNANCE AND OVERSIGHT FRAMEWORKS

Role and function of the Chief Executive

The Chief Executive carries out his/her functions, responsibilities and obligations in accordance with the *Health Services Act 1997*.

The Chief Executive has in place practices that ensure that the primary governing responsibilities of the Board are fulfilled in relation to:

- A** Ensuring clinical governance responsibilities are clearly allocated and understood
- B** Setting the strategic direction for the organisation and its services
- C** Monitoring financial and service delivery performance
- D** Maintaining high standards of professional and ethical conduct
- E** Involving stakeholders in decisions that affect them
- F** Establishing sound audit and risk management practices

Authority and role of senior management

All financial and administrative authorities that have been delegated by the Chief Executive to the senior management of the Organisation are formally documented within a Delegations Manual for the Organisation. The roles and responsibilities of senior management within the Organisation are also documented in written position descriptions.

Regulatory responsibilities and compliance

The Chief Executive is responsible for and has mechanisms in place to ensure that relevant legislation and regulations are adhered to within all facilities and units of the Organisation, including statutory reporting requirements.

The Chief Executive also has a mechanism in place to gain reasonable assurance that the Organisation complies with the requirements of all relevant government policies and NSW Health policy directives and policy and procedure manuals as issued by the Department of Health.

A ENSURING CLINICAL GOVERNANCE RESPONSIBILITIES ARE CLEARLY ALLOCATED AND UNDERSTOOD

The Chief Executive has systems and activities in place for measuring and routinely reporting on the safety and quality of care provided to the communities the Organisation serves. These systems and activities reflect the principles, performance and reporting

guidelines as detailed in NSW Health policy directive '*Patient Safety and Clinical Quality Program*' (PD2005_608).

A Medical and Dental Appointments Advisory Committee is established to review the appointment or proposed appointment of all visiting practitioners and specialists. The Credentials Subcommittee provides advice to the Medical and Dental Appointment Advisory Committee on all matters concerning the clinical privileges of visiting practitioners or staff specialists.

The Chief Executive is responsible for and has mechanisms in place to ensure that the relevant registration authority is informed where there are reasonable grounds to suspect professional misconduct or unsatisfactory professional conduct by any registered health professional employed or contracted by the Organisation.

B SETTING THE STRATEGIC DIRECTION FOR THE ORGANISATION AND ITS SERVICES

The Chief Executive has in place a process for the effective planning and delivery of its services to the communities and individuals served by the Organisation. This process includes setting a strategic direction for both the Organisation and the services it provides.

Organisational-wide planning processes and documentation is also in place, with a 3 to 5 year horizon, covering:

- a Asset management
- b Information management and technology
- c Research and teaching
- d Workforce development

C MONITORING FINANCIAL AND SERVICE DELIVERY PERFORMANCE

Financial management responsibilities and integrity of financial and performance reporting

The Chief Executive is responsible for ensuring that the Organisation complies with the NSW Health Accounts and Audit Determination and the annual Department of Health budget allocation advice.

The Chief Executive has mechanisms in place to administer funding for and to monitor expenditure by affiliated health organisations with respect to their recognised establishments and services.

The Chief Executive is responsible for ensuring that the financial and performance reports submitted to the Finance and Performance Committee and the Department of

Health are accurate and that relevant internal controls for the Organisation are in place. To this end, the Chief Executive certifies that:

- The financial reports submitted to the Finance & Performance Committee and the Department of Health represent a true and fair view, in all material respects, of the Organisation's financial condition and the operational results are in accordance with the relevant accounting standards
- The recurrent budget allocations in the Department of Health's financial year advice reconcile to those allocations distributed to organisation units and cost centres
- Overall financial performance is monitored and reported to the Finance and Performance Committee of the Organisation
- Information reported in the Department of Health monthly reports reconciles to and is consistent with reports to the Finance and Performance Committee.
- All relevant financial controls are in place
- Creditor levels comply with Department of Health requirements
- Write-offs of debtors have been approved by duly authorised delegated officers
- The Organisation's General Fund has not exceeded the Department of Health approved net cost of services allocation
- The Organisation did not incur any unfunded liabilities during financial year.
- The Director of Corporate Services (or Director of Finance where applicable) has reviewed the internal liquidity management controls and practices and they comply with Department of Health requirements

The Internal Auditor has reviewed the above during the financial year.

Performance agreements

Written performance agreements were in place during the financial year between the Organisation and the Director-General NSW Health, and the Chief Executive and all Health Executive Service Members employed within the organisation.

The Chief Executive has mechanisms in place to monitor the progress of matters contained within the performance agreement between the Organisation and the Director-General, NSW Health, and to regularly review performance against agreements between the Chief Executive and senior management of the Organisation.

The Finance and Performance Committee

The Chief Executive has established a Finance and Performance Committee to assist the Chief Executive ensure that the operating funds, capital works funds and service outputs required of the Organisation are being managed in an appropriate and efficient manner.

The Finance and Performance Committee is chaired by *the Chief Executive* and comprises

- Chief Executive (Chair)
- Director, Financial Operations
- Director, Corporate Services
- Director, Health Service Operations
- Director, Workforce Development
- Director, Population Health, Planning & Performance
- Director, Nursing & Midwifery
- General Manager - Bathurst, Dubbo and Orange
- Health Service Manager - Cowra, Forbes, Mudgee and Parkes
- Manager, Organisational Performance Management.

The Chief Executive attends all meetings of the Finance and Performance Committee unless on approved leave.

The Finance and Performance Committee receives monthly reports that include:

- Financial performance of each major cost centre
- Liquidity performance
- The position of Special Purpose and Trust funds
- Activity performance against indicators and targets in the performance agreement for the organisation
- Advice on the achievement of strategic priorities identified in the performance agreement for the organisation
- Year to date and end of year projections on capital works and private sector initiatives.

Letters to management from the Auditor-General, Minister for Health, and the NSW Department of Health relating to significant financial and performance matters are also tabled at the Finance and Performance Committee.

D MAINTAINING HIGH STANDARDS OF PROFESSIONAL AND ETHICAL CONDUCT

The Organisation has adopted the NSW Health Code of Conduct to guide all staff and contractors in ethical conduct. The Code of Conduct is distributed to all new staff and is included on the agenda of all staff induction programs. The Chief Executive has systems and processes in place to ensure the Code is periodically reinforced for all existing staff. Ethics education is also part of the organisation's learning and development strategy.

The Chief Executive, as a principal officer, has reported all known cases of corrupt conduct, where there is a reasonable belief that corrupt conduct has occurred, to the Independent Commission Against Corruption, and has provided a report to the Department of Health on any cases with serious NSW Health wide implications, that is where they involve innovative (not encountered previously) corrupt conduct that should be brought to the attention of other health organisations.

E INVOLVING STAKEHOLDERS IN DECISIONS THAT AFFECT THEM

The Chief Executive is responsible for ensuring that the rights and interests of the Organisation's key stakeholders are incorporated into the plans of the Organisation and that they are provided access to balanced and understandable information about the organisation and its proposals.

The Greater Western AHS has a formal committee structure that includes the input of consumers of health services and other members of the community, into the key policies, plans and initiatives of the organisation. The Area Health Advisory Council (AHAC) Workforce Standing Committee and its four subcommittees and the Health Care Quality Committee (HCQC) engage consumers and the community in organisational management of clinical governance, strategic partnerships, workforce planning, organisational performance review and financial management.

The network of Divisions of General Practitioners incorporates the Chief Executives and Chairs of the five divisions within the Greater Western area. The Division of GPs is also represented in service planning committees such as the HealthOne Planning and Design Control Group

Regular formal meetings, committees and working parties are in place to manage relationships and the performance of external government and non-government contracts and inter Area Health Service activities including the Ambulance Service, Health Support Services (e.g. employee, payroll, linen services); SWAHS Western Pathology Cluster; Pinnacle and Spotless for the Public Private Partnership (PPP) services; Consortiums providing Visiting Medical Officer Services.

A broad program of industrial body consultation exists at the Area Health Service Executive level as well as within the local Health Services.

The Audit and Risk Management Committee includes a number of independent members. The Human Research and Ethics Committee incorporate representation from the clergy and universities.

Information on the key policies, plans and initiatives of the Organisation and information on how to participate in their development are available to staff and to the public at <http://www.gwahs.nsw.gov.au>

F ESTABLISHING SOUND AUDIT AND RISK MANAGEMENT PRACTICES

Roles and responsibilities in relation to audit and risk management

The Chief Executive receives and considers all reports of the External and Internal Auditors for the Organisation and through the Audit and Risk Management Committee ensures that audit recommendations and recommendations from other related external review bodies are implemented.

The Director Workforce Development is responsible for supervising and monitoring risk management for the Organisation and its facilities and units. The roles and responsibilities throughout the organisation are specified within the Organisation's Risk Management Plan. The Plan covers all known risk areas including:

- Leadership and management.
- Clinical care.
- Health of population.
- Finance (including fraud prevention).
- Information Management.
- Workforce.
- Security and safety.
- Facilities and asset management.
- Emergency and disaster planning.
- Community expectations.

Audit and Risk Management Committee

The Chief Executive has established an Audit and Risk Management Committee, with the following core responsibilities:

- to assess and enhance the Organisation's corporate governance, including its systems of internal control, ethical conduct and probity, risk management, management information and internal audit
- to ensure that appropriate procedures and controls are in place to provide reliability in the Organisation's financial reporting, safeguarding of assets, and compliance with the Organisation's responsibilities, regulatory requirements, policies and procedures
- to oversee and enhance the quality and effectiveness of the Organisation's internal audit function, providing a structured reporting line for the Internal Auditor and facilitating the maintenance of their independence
- through the internal audit function, to assist the Chief Executive to deliver the organisation's outputs efficiently, effectively and economically, so as to obtain best value for money and to optimise organisational performance in terms of quality, quantity and timeliness; and
- to maintain a strong and candid relationship with external audit, facilitating to the extent practicable, an integrated internal/external audit process that optimises benefits to the organisation.

The Audit and Risk Management Committee comprises *five* members, including *four* persons are not employees of, or contracted to, provide services to the organisation.

The Chairperson of the Audit and Risk Management Committee is *George Bennett* and is one of the independent members of the committee. The Chairperson of the committee

has right of access to the Director –General of the NSW Department of Health. The other members of the committee are the Chief Executive, Peter Moffitt, Peter Apps and C. Feldman are a further three independent members.

The other members of the committee are invitees and are the Director Financial Operations, Manager Internal Audit, Director Health Service Operations, Director Clinical Governance, and Director Corporate Services. External audit attendees are the State Audit Office and Pricewaterhouse Coopers.

The Audit and Risk Management Committee met on two occasions during the financial year 1 June to 31 December 2010.

G Qualifications to governance statement

NIL