

**Corporate Governance Attestation Statement for  
Western NSW Local Health District  
2013**



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## **CORPORATE GOVERNANCE ATTESTATION STATEMENT**

### **Western NSW Local Health District**

The following corporate governance attestation statement was endorsed by a resolution of the Western NSW Local Health District Board at its meeting on 4 September 2013

The Board is responsible for ensuring effective corporate governance frameworks are established for the Western NSW Local Health District. This statement sets out the main corporate governance frameworks and practices in operation within the Organisation for the 2012-2013 financial year.

A signed copy of this statement was provided to the Ministry of Health on 4 September 2013.

Signed:



*Dr Robin Williams*  
Chairperson

Date 4 September 2013



*Scott McLachlan*  
Chief Executive

Date 4 September 2013

## **ESTABLISH ROBUST GOVERNANCE AND OVERSIGHT FRAMEWORKS**

### **Role and function of the Board and Chief Executive**

The Board and Chief Executive carry out their functions, responsibilities and obligations in accordance with the *Health Services Act*.

The Board has approved systems and frameworks that ensure the primary responsibilities of the Board are fulfilled in relation to:

- A** Ensuring clinical and corporate 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.

### **Board meetings**

For the 2013 financial year the Board consisted of a Chair and 9 members appointed by the Minister for Health, plus the Chief Executive as an Ex-Officio Member. The Board met 11 times during this period.

### **Board membership**

#### **Dr Robin Williams – Chair**

Dr Williams is a General Practitioner VMO at Molong and Yeoval. Dr Williams commenced as a Resident Medical Officer at Dubbo Base Hospital in Australia in 1985, immigrating to Australia from the United Kingdom and settling in Gulgong in 1997. Dr Williams was a member of the Greater Western Area Health Advisory Committee before becoming Chair of the Western NSWLHD Board. He has been a General Practitioner VMO at Molong Health Service and Yeoval UPA since 2007, and prior to that was a GP VMO at Gulgong Health Service. He is Chairman of the Dubbo/Plains Division of General Practice and a Board Director of the NSW Rural Doctors Network since 2003. Current member Interim Board Western Medicare Local. Clinical Lecturer, School of Rural Health University of Sydney.

#### **Associate Professor Joseph Canalese OAM MBBS (Hons), Univ. Sydney - Gastroenterologist**

Associate Professor, School Rural Health, University of Sydney. Consultant Gastroenterologist, Dubbo Base Hospital.

#### **Mrs Patricia Doolan PSM**

Aboriginal Elder in Dubbo with extensive background in Aboriginal Health. Past member of Greater Western AHAC. Relationship Counsellor, Awarded Public Service Medal

'Women out West' Outstanding Leadership Award. Member of the Charles Sturt University - Elders Advisory Committee. Awarded Women of the Electorate (Parkes). President of the Aboriginal Education Group.

**Mr Scott Griffiths**

Formally Regional Executive Director Western Region NSW Department of Family & Community Services. Former Chair Western Region Justice & Human Services Manager Network. Former Joint Chair Murdi Paaki Regional Engagement Committee. MBA, Charles Sturt University, Grad Dip Business Studies, University of New England, Registered Nurse, NSW.

**Dr Darryl Mackender**

Visiting Medical Officer, General Physician/Gastroenterologist, Orange and formally Bathurst Hospitals.

**Mrs Julie Ann Maher**

Registered physiotherapist with many years of rural and regional work in both private and public sectors. Previous involvement in setting up early intervention centres. Currently involved with aged care services as a member of the management committee of Bathurst Seymour Centre, and some input in Macquarie Care Centre. Involved in a number of community voluntary groups. Justice of the Peace.

**Mr Paul Mann**

General Manager, Gilgandra Shire Council since 1987. Assoc Diploma in Local Govt Administration. Member Gilgandra MPS Advisory Committee. As General Manager, Paul also has responsibility for extensive Aged Care & Disability Services.

**Mr Graham Parker**

A qualified accountant with extensive commercial experience in the heavy construction and mining industries both in Australia and overseas. He has participated at board level in the management of smaller public companies and been on the governing council for several large joint ventures in mining and petroleum. He was a member of the Greater Western Area Health Advisory Council for four years where he headed up the finance committee.

**Dr Aubrey (John) Tooth**

VMO Ob/Gyn, Dubbo Base Hospital and Dubbo Private Hospital. Clinical Tutor, School of Rural Health, University of Sydney. Member, Medical Staff council, Dubbo Base Hospital. BSc. MBBS. FRCOG. FRACOG.

**Mrs Joan Treweeke**

Chair of Yawarra Meamei Women's Group Inc. Vice president of Contact Inc. Northern Plains Regional Advisory Committee Member, National Parks and Wildlife Service. Director and Vice President of the Royal Flying Doctor South East Section. Former Councillor, Walgett Shire Council, Extensive experience as Company Director. LLB University of Melbourne.

## **Authority and role of senior management**

All financial and administrative authorities have been appropriately delegated by the Chief Executive with approval of the Board and are formally documented within a Delegations Manual for the Organisation.

The roles and responsibilities of the Chief Executive and other 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, regulations and relevant government policies and NSW Health policy directives are adhered to within all facilities and units of the Organisation, including statutory reporting requirements.

The Board has mechanisms in place to gain reasonable assurance that the Organisation complies with the requirements of relevant legislation, regulations and relevant government policies and NSW Health policy directives and policy and procedure manuals as issued by the Ministry of Health.

## **A ENSURING CLINICAL AND CORPORATE GOVERNANCE RESPONSIBILITIES ARE CLEARLY ALLOCATED AND UNDERSTOOD**

The Board has in place frameworks and systems 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 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 Board has in place strategic plans for the effective planning and delivery of its services to the communities and individuals served by the Organisation. In the absence

of a Strategic Plan that specifically covered the period from 1 July 2012 to 30 June 2013, the Western NSW Local Health District continued to progress the vision of the previous Strategy which addressed the period ending 30 June 2012. A new strategic plan is currently being finalised and will guide the Organisation into the future. 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**

### **Role of the board in relation to financial management and service delivery**

The Organisation is responsible for ensuring compliance with the NSW Health Accounts and Audit Determination and the annual Ministry of Health budget allocation advice.

The Chief Executive ensures that the financial and performance reports provided to the Board and those submitted to the LHD Finance and Performance Committee and the Ministry of Health are accurate and that relevant internal controls for the Organisation are in place.

The Board has approved, and has in place systems to support the efficient and economic operation of the LHD, to oversight financial and operational performance and assure itself financial and performance reports provided to it are accurate.

To this end, the Board and Chief Executive certify that

- The financial reports submitted to the Finance & Performance Committee and the Ministry 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 Ministry 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 Ministry of Health monthly reports reconciles to and is consistent with reports to the Finance and Performance Committee.
- All relevant financial controls are in place.
- Write-offs of debtors have been approved by duly authorised delegated officers.
- The Director of Finance has reviewed the internal liquidity management controls and practices and they comply with Ministry of Health requirements.

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

### **Service and Performance agreements**

A written service agreement was in place during the financial year between the Board and the Director-General, NSW Health, and performance agreements between the Board and the Chief Executive, and the Chief Executive and all Health Executive Service Members employed within the Organisation.

The Board has mechanisms in place to monitor the progress of matters contained within the Service Agreement and to regularly review performance against agreements between the Board and the Chief Executive.

### **The Finance and Performance Committee**

The Board has established a Finance and Performance Committee to assist the Board and 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 Mr Scott Griffiths and comprises Mr Graham Parker and Dr Darryl Mackender. 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 Ministry 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 LHD 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 Board 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 the principal officer for the Organisation, 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 copy of those reports to the Ministry of Health.

Policies and procedures are in place to facilitate the reporting and management of public interest disclosures within the Organisation in accordance with state policy and legislation, including establishing reporting channels and evaluating the management of disclosures.

## **E INVOLVING STAKEHOLDERS IN DECISIONS THAT AFFECT THEM**

The Board seeks the views of local providers and the local community on the LHD's plans and initiatives for providing health services and also provides advice to the community and local providers with information about the LHD's plans, policies and initiatives.

The LHD 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 following are some examples of the initiatives undertaken to involve the communities the LHD serves:

- Community Input Forums and surveys
- Clinician Group Consultations which involve medical services; surgical services; critical care services; District, Multi-Purpose Services and GP services; cancer and palliative care services; maternity and paediatric services; and mental health services.
- Consultation with Bila Muuji Aboriginal Health Services Inc.

The Board, Chief Executive 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.

Co-operation and collaboration between the LHD and the Western NSW and Far West Medicare Locals is a key element of the National Health Reform. The Board and Chief Executive are working towards establishing collaborative relationships to ensure engagement and partnerships at appropriate levels.

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 Health activities including the Ambulance Service of NSW, HealthShare NSW (e.g. employee, payroll, linen services); NSW Health Pathology; Pinnacle and Spotless for the Public Private Partnership (PPP) services; and consortiums providing Visiting Medical Officer Services.

A broad program of industrial body consultation exists at the Local Health Network 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://wnswlhd.health.nsw.gov.au/>

## **F ESTABLISHING SOUND AUDIT AND RISK MANAGEMENT PRACTICES**

### **Role of the Board in relation to audit and risk management**

The Board supervises and monitors risk management by the Organisation and its facilities and units, including the Organisation's system of internal control. The Chief Executive develops and operates the risk management processes for the Organisation.

The Board receives and considers reports of the External and Internal Auditors for the Organisation and through the Audit and Risk Management Committee monitors their implementation.

The Chief Executive ensures that audit recommendations and recommendations from related external review bodies are implemented.

The Organisation has a current 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 Board 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 Board 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 auditors, facilitating to the extent practicable, an integrated internal/external audit process that optimises benefits to the Organisation.

The Audit and Risk Management Committee comprises four members, including three persons who are not employees of, or contracted to provide services to, the Organisation.

The Chairperson of the Audit and Risk Management Committee is Mr Peter Moffitt and is one of the independent members of the committee. The other members of the committee are Ms Christine Feldmanis (Independent Member), Mr Paul Apps (Independent Member) and the Chief Executive (Ex-Officio Member). Board representatives in attendance at meetings are Ms Joan Treweeke and Mr Paul Mann. The Audit and Risk Management Committee met on 9 occasions during the financial year.

The Chairperson of the committee has right of access to the Director-General of the NSW Ministry of Health.

## **G Qualifications to governance attestation statement**

### **Qualification to Item B: Setting the Strategic Direction for the Organisation and its Services**

In the absence of a Strategic Plan that covered the period from 1 July 2012 to 30 June 2013, the Western NSW Local Health District continued to progress the vision of the previous Strategy, which addressed the period to 30 June 2012.

#### **Progress**

A new strategic plan has been developed and is currently in the final stages of review and adoption.

#### **Remedial Action**

A new Strategic Plan has been developed to guide the Organisation into the future.

### **Qualification to Item C: Monitoring Financial and Service Delivery Performance**

The net cost of service for the year ended 30 June 2013 was \$19.5 million unfavourable (net of cash assistance).

In line with the net cost of services result, the District sought and received cash assistance of \$21.4 million from the Ministry of Health in order to maintain creditors within prescribed limits.

As such, the Board and Chief Executive are unable to certify that:

- Creditor levels comply with Ministry of Health requirements;
- The Public Health Organisation General Fund has not exceeded the Ministry of Health approved net cost of services allocation; and
- The Organisation did not incur any unfunded liabilities during the financial year.

### **Progress**

The net cost of service target developed for the Western NSW Local Health District by the Ministry of Health for the 2013 financial year was to achieve a result of \$24 million unfavourable. As such, the actual net cost of service for 2013 of \$19.5 million unfavourable represents significant progress towards meeting the net cost of services allocation at a rate of improvement that was well beyond expectations. Remedial action currently being implemented continues to draw the District towards its targets.

### **Remedial Action**

Implementation of the Efficiency Improvement Plan continues at all levels of the Organisation: strategies have been developed and are being formalised under the road mapping framework with clearly defined targets, timeframes and milestones being closely monitored by responsible officers. Under this framework, due consideration is given to the risks attendant to each strategy so that they can be mitigated appropriately. The Director Finance, the Finance and Performance Committee, the Chief Executive and the Board are actively involved and continue to monitor progress. A 'Sustainability Taskforce' has been formed to support managers in discharging their obligations to increase efficiency.



*Signed – Scott McLachlan, Chief Executive*



*Signed – Michael Clark, Director of Internal Audit*