

**Corporate Governance Attestation Statement for  
Western NSW Local Health District  
1 July 2017 – 30 June 2018**



**Health**

---

## **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 1 August 2018 on the basis that the Chief Executive has conducted all necessary enquiries and is not aware of any reason or matter why the Board cannot give the required attestation.

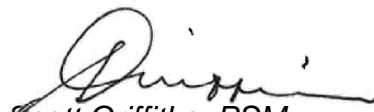
The Board is responsible for ensuring effective corporate governance frameworks are established for the Western NSW Local Health District and not the day-to-day management of Western NSW Local Health District. To this end, the Board is satisfied and has received assurances from the Chief Executive that the necessary processes are in place

This statement sets out the main corporate governance frameworks and practices in operation within Western NSW Local Health District for the 2017-2018 financial year.

This attestation statement has been reviewed by Internal Audit to ensure the LHD has implemented and met all necessary requirements. Each section within the attestation statement is supported by relevant and complete documentation, which has been reviewed and signed off by the Chief Audit Executive.

A signed copy of this statement is provided to the Ministry of Health by 31 August 2018.

Signed:



*Scott Griffiths, PSM*  
Chairperson

1 August 2018

Date



*Scott McLachlan*  
Chief Executive

1 August 2018

Date

## **Standard 1: 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 1997* and the *Government Sector Employment Act 2013*.

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

- Ensuring clinical and corporate governance responsibilities are clearly allocated and understood
- Setting the strategic direction for Western NSW Local Health District and its services
- Monitoring financial and service delivery performance
- Maintaining high standards of professional and ethical conduct
- Involving stakeholders in decisions that affect them
- Establishing sound audit and risk management practices.

### **Board meetings**

For the 2017/2018 financial year, the Board consisted of a Chair, Mr. Scott Griffiths, and nine members appointed by the Minister for Health. The Board met eleven times during this period.

### **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 Local Health District.

The roles and responsibilities of the Chief Executive and other senior management within the Local Health District 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 Western NSW Local Health District, including statutory reporting requirements.

The Board has mechanisms in place to gain reasonable assurance that Western NSW Local Health District 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.

---

## **Standard 2: 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 Western NSW Local Health District 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). The Principles underpinning the Patient Safety and Clinical Quality Program as outlined in the Clinical Excellence Commission Directions Statement are:

- Openness about failures
- Emphasis on learning
- Obligation to act
- Accountability
- Just culture
- Appropriate prioritisation of action
- Teamwork and information sharing

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 scope of practice and clinical privileges of visiting practitioners or staff specialists.

An Aboriginal Health Advisory Committee is established, or clear lines of accountability are in place for clinical services delivered to Aboriginal people.

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 Western NSW Local Health District.

## **Standard 3: SETTING THE STRATEGIC DIRECTION FOR WESTERN NSW LOCAL HEALTH DISTRICT AND ITS SERVICES**

The Board has in place strategic plans, such as a Local Health Services Plan, for the effective planning and delivery of its services to the communities and individuals served by Western NSW Local Health District. This process includes setting a strategic direction for both Western NSW Local Health District and the services it provides within the overarching goals and priorities of the *NSW State Health Plan*

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

- a Asset management – designing and building future-focused infrastructure
- b Information management and technology – enabling eHealth
- c Research and teaching – supporting and harnessing research and innovation
- d Workforce development – supporting and developing our workforce
- e Aboriginal Health Action Plan – ensuring health needs are met competently

## **Standard 4: MONITORING FINANCIAL AND SERVICE DELIVERY PERFORMANCE**

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

Western NSW Local Health District 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 is responsible for confirming the accuracy of information in the financial and performance reports provided to the Board and those submitted to the Western NSW Local Health District Finance and Performance Committee and the Ministry of Health, and that relevant internal controls for the LHD are in place to recognise, understand and manage its exposure to financial risk.

The Board has confirmed that Western NSW Local Health District has in place systems to support the efficient, effective 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 attest that:

- 1) The financial reports submitted to the Finance & Performance Committee and the Ministry of Health represent Western NSW Local Health District's financial position and the operational results fairly and accurately, and are in accordance with generally accepted accounting principles
- 2) The recurrent budget allocations in the Ministry of Health's financial year advice align with those allocations distributed to organisation units and cost centres.
- 3) It is assured overall financial performance is monitored and reported to the Finance and Performance Committee of Western NSW Local Health District.
- 4) Information reported in the Ministry of Health monthly reports reconciles to, and is consistent with, reports to the Finance and Performance Committee.
- 5) It is assured all relevant financial controls are in place.
- 6) Creditor levels conform to Ministry of Health requirements.
- 7) Write-offs of debtors have been approved by duly authorised delegated officers, as reported by the Executive Director of Finance.
- 8) It is assured Western NSW Local Health District did not incur any unfunded liabilities during the financial year.
- 9) The Executive Director Finance has reviewed the internal liquidity management controls and practices and they meet Ministry of Health requirements.

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

## **Service and Performance agreements**

A written service agreement was in place during the financial year between the Board and the Secretary, NSW Health, and performance agreements between the Board and the Chief Executive, and the Chief Executive and all Health Executive Service Members employed within Western NSW Local Health District.

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 to ensure that the operating funds, capital works funds, resource utilisation and service outputs required of Western NSW Local Health District are being managed in an appropriate and efficient manner.

The Finance and Performance Committee is chaired by Mr. Scott Griffiths and comprises three members, including Ms. Fiona Bennett, Mr. Jason Cooke and Mr. Paul Mann. The Chief Executive attends all meetings of the Finance and Performance Committee unless on approved leave. The Committee met eleven times during this period.

The Finance and Performance Committee receives monthly reports that include:

- Financial performance of each major cost centre
- Liquidity management and performance
- The position of Special Purpose and Trust Funds
- Activity performance against indicators and targets in the performance agreement for Western NSW Local Health District
- Advice on the achievement of strategic priorities identified in the performance agreement for Western NSW Local Health District
- 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.

---

## **Standard 5: 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 professional conduct and ethical behaviour.

The Code of Conduct is distributed to, and signed by, 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.

The Board and the Chief Executive lead by example in order to ensure an ethical and professional culture is embedded within Western NSW Local Health District. Ethics education is also part of Western NSW Local Health District's learning and development strategy.

The Chief Executive, as the Principal Officer for Western NSW Local Health District, 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.

For the period Western NSW Local Health District reported two cases of suspected corrupt conduct.

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

For the period Western NSW Local Health District reported three cases of public interest disclosures.

## **Standard 6: INVOLVING STAKEHOLDERS IN DECISIONS THAT AFFECT THEM**

The Board seeks the views of local providers and the local community on LHD plans and initiatives for providing health services and also provides advice to the community and local providers with information about the LHD 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 Western NSW Local Health District. The following are some examples of the initiatives undertaken to involve the communities the LHD serves:

- 36 Health Councils operate within the Local Health District with over 300 members who represent their local communities. This enables the LHD to negotiate strategies, plans, and initiatives with our communities and discuss the health issues that are forefront to them. The Board regularly meets with the Health Councils as part of the annual Health Councils Forum
- Clinician group consultations are convened to seek the strategic input of specialists in: medical services; surgical services; critical care services; multi-purpose services; GP services; cancer and palliative care services; maternity and

**Corporate Governance Attestation Statement:**

**Western NSW Local Health District**

**1 July 2017 – 30 June 2018**



- 
- paediatric services; and mental health services for service planning.
- Strategic partnerships are built and maintained with Aboriginal health corporations to improve Aboriginal health outcomes and wellbeing
  - Regular Community Input Forums and surveys are held and provide input into needs assessments and service planning
  - Consumer representatives form part of key LHD committees including the District Health Care Quality Committee, the Human Research and Ethics Committee, the District Clinical Council and the District Disability Advisory Committee
  - Collaborative initiatives between the LHD and the Western NSW Primary Health Network

Regular meetings, committees and working parties are in place to manage relationships with external and intra-health organisations including the Ambulance Service of NSW, HealthShare NSW; NSW Health Pathology; Pinnacle and Spotless for the Public Private Partnership (PPP) services; and organisations providing Visiting Medical Officer Services.

Information on the key policies, plans and initiatives of Western NSW Local Health District and information on how to participate in their development are available to staff and to the public at <http://wnswlhd.health.nsw.gov.au/>



---

## **Standard 7: 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 LHD and its facilities and units, including Western NSW Local Health District's system of internal control. The Chief Executive develops and operates the risk management processes for the LHD.

The Board receives and considers reports of the External and Internal Auditors for the LHD, 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.

Western NSW Local Health District has a current Risk Management Plan encompassing both clinical and non-clinical risks. The Plan covers all known risk areas including:

- Leadership and management.
- Clinical care.
- Health of population.
- Finance.
- 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 Western NSW Local Health District'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 implemented by management to provide reliability in Western NSW Local Health District's financial reporting, safeguarding of assets, and compliance with the LHD's responsibilities, regulatory requirements, policies and procedures
- to oversee and enhance the quality and effectiveness of Western NSW Local Health District'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 Western NSW Local Health District'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 Western NSW Local Health District.
- to maintain a current Charter outlining its roles and responsibilities to Western NSW Local Health District.

The Audit and Risk Management Committee met seven times during the financial year.

The Audit and Risk Management Committee provides advice to the Chief Executive with respect to the financial reports submitted to the Finance and Performance Committee. The Chairperson of the Committee has right of access to the Secretary, NSW Health.

## **Qualifications to the Corporate Governance Attestation Statement**

### **Item**

Standard 4, Monitoring Financial and Service Delivery Performance, requires the Board and Chief Executive to attest that the Western NSW Local Health District General Fund has not exceeded the Ministry of Health approved net cost of services allocation, as stated in Western NSW Local Health District's service agreement.

### **Qualification**

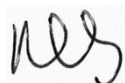
The District's 2017-18 net cost of services result exceeded budget by \$1.896 million. Favourability in expenses was offset by unfavourabilities in both retained revenue and the 'other items' classification. The timing of non-routine transactions in relation to yearend also contributed to the result, but were not indicative of governance challenges: voluntary redundancies of \$0.213 million were processed in June, after Treasury's deadline for reimbursement, and net unfavourability of \$0.549 million in capital allocation resulted from the timing of capital projects, primarily the Orange Health Service car park.

### **Remedial Action**

To ensure that they remain within the parameters defined by Western NSW Local Health District's Risk Appetite Statement, risks associated with financial performance are identified, documented, treated and monitored within Western NSW Local Health District's Enterprise Risk Management Framework. A comprehensive analysis of the source and cause of financial performance risks and the effectiveness of existing controls has been undertaken, and the potential impacts have been assessed. Nine strategies to address financial performance risk have been formalised in risk treatment plans under the supervision of the Executive Director Finance.

Financial performance risk continues to be monitored by the Finance and Performance Committee, the Audit and Risk Management Committee, and the Ministry. Western NSW Local Health District continues to perform well under the NSW Health Performance Framework, of which, financial performance is a key component.

Scott McLachlan, Chief Executive]



Nicholas Bennett, Manager Internal Audit, 16/7/2018