

**Corporate Governance Attestation Statement for
Nepean Blue Mountains Local Health District
1 July 2016 – 30 June 2017**



Health



CORPORATE GOVERNANCE ATTESTATION STATEMENT NEPEAN BLUE MOUNTIANS LOCAL HEALTH DISTRICT

The following corporate governance attestation statement was endorsed by a resolution of the Nepean Blue Mountains Local Health District Board at its meeting on 26 July 2017

The Board is responsible for ensuring effective corporate governance frameworks are established for the Nepean Blue Mountains Local Health District and not the day-to-day management of the Organisation. 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 the organisation for the 2016-2017 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 2017.

Signed:



26 / 7 / 17

Peter Collins
Chairperson

Date



Kay Hyman
Chief Executive

Date 26/7/17

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 the organisation 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 2016/2017 financial year the Board consisted of a Chair, Associate Professor Andrew Keegan for the period 1 July 2016 to 31 December 2017 and The Hon Peter Collins AM from 1 January 2017 and 11 members appointed by the Minister for Health. The Board met 10 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 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.

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 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). 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 the Organisation.

Standard 3: SETTING THE STRATEGIC DIRECTION FOR THE ORGANISATION 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 the Organisation. This process includes setting a strategic direction for both the Organisation 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

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

The Board has confirmed that the Organisation 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 the Organisation'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 the Organisation.
- 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 Director of Finance/Chief Financial Officer.
- 8) The Public Health Organisation General Fund has not exceeded the Ministry of Health approved net cost of services allocation, as stated in the Organisation's service agreement.
- 9) It is assured the Organisation did not incur any unfunded liabilities during the financial year.

- 10) The Director of Corporate Services (or Director of Finance, where applicable) 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 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 to ensure that the operating funds, capital works funds, resource utilisation and service outputs required of the organisation are being managed in an appropriate and efficient manner.

The Finance and Performance Committee was chaired by Dr. Andrew Keegan from the 1 July 2016 to 31 March 2017 and Mr. Joe Grassi was the Board Member. Mr. Grassi replaced Dr. Keegan as Chair from the April 2017. Mr. Colin Lenton joined the Committee from the 1 June 2017 as the other Board representative. Other members of the Committee are:

- Chief Executive, Ms. Kay Hyman
- Director Finance, Business & Information; Ms. Angela Edwards from 1 July 2016 to 31 May 2017;
- Acting Director of Finance, Ms. Rebecca Beech from 1 June 2017
- Director Clinical Governance, Ms. Debbie Wyburd
- A/Director Nursing & Midwifery, Ms. Julie Williams
- Director Workforce, Culture & Asset Management, Mr. Brian Beatty
- Director Organisational Performance, Strategy & Implementation, Ms. Clair Ramsden

The Chief Executive attends all meetings of the Finance and Performance Committee unless on approved leave. The Committee met 12 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 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.

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 the Organisation. 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.

For the period the Organisation reported 7 cases of corrupt conduct. 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.

For the period the Organisation reported 3 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/SN plans and initiatives for providing health services and also provides advice to the community and local providers with information about the LHD/SN plans, policies and initiatives.

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Nepean Blue Mountains Local Health District has formed a joint Consumer Engagement Council with Nepean Blue Mountains Medicare Local. Members of the Consumer Engagement Council are involved in key NBMLHD committees and structures include the Healthcare Quality Committee Board Sub-Committee

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 www.nbmlhd.health.nsw.gov.au. Staff are advised of key policies, plans and initiatives via internal communication including internet messages and monthly newsletters. Staff can access key documents and provide comment via the intranet.

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 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 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 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 Committee

The Board has established an Audit and Risk 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 implemented by management to provide reliability in the Organisation's financial reporting,

Qualifications to the governance attestation statement

Item: 3- Setting the Strategic Direction for the Organisation and ITS Services

Qualification

1. The IT Strategic Direction has been delayed due to the separation of IT infrastructure with WSLHD and the need to provide an independent ICT service. This year has seen the ICT focus on the operational matters arising from the separation and staffing the Department.
2. The Aboriginal Health Governance Committee (AHGC) is yet to develop a strategic direction document.

Progress

1. A draft ICT Strategic Plan is being developed and will be reviewed once a permanent ICT Director for NBMLHD is appointed. Discussions with e-Health have been held to assist in the process.
2. The AHGC was formed in August 2016 and since its formation there has been a number of Board membership changes and changes to the Executive Sponsorship. The AGHC has formed an annual plan and are working on the 3-5 year plan.

Remedial Action

1. The Executive Leadership Team (ELT) is aware that there is currently no ICT Strategic Plan. There are current discussions with e-Health as to a joint plan and the ELT will ensure that one is developed during 2017/18.
2. The Aboriginal Health Plan is currently in the final draft stages and is a standing item on the AHGC agenda. It is envisaged that the Health Plan will be endorsed by the AHGC in the near future.



Kay Hyman – Chief Executive



John Klincke – Director Internal Audit

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;
- 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.
- to maintain a current Charter outlining its roles and responsibilities to the Organisation.

The Audit and Risk Committee met 6 times during the financial year.

The Audit and Risk 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.