Corporate Governance Attestation Statement for South Eastern Sydney Local Health District 1 July 2014 - 30 June 2015

CORPORATE GOVERNANCE ATTESTATION STATEMENT
SOUTH EASTERN SYDNEY LOCAL HEALTH DISTRICT

The following corporate governance attestation statement was endorsed by a resolution of the South Eastern Sydney Local Health District Board at its meeting on 29 July 2014.

The Board is responsible for ensuring effective corporate governance frameworks are established for the South Eastern Sydney Local Health District. This statement sets out the main corporate governance frameworks and practices in operation within SESLHD for the 2014-2015 financial year.

A signed copy of this statement was provided to the Ministry of Health on 12 August 2015.

Signed:

Michael Still
Chairperson

Date 26/08/15

Gerry Marr
Chief Executive

Date 26/08/15

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 SESLHD 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 1 July 2014 – 30 June 2015 financial year the Board consisted of a Chair and twelve members appointed by the Minister for Health. The Board met thirteen 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 SESLHD.

The roles and responsibilities of the Chief Executive and other senior management within SESLHD 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 SESLHD, including statutory reporting requirements.

The Board has mechanisms in place to gain reasonable assurance that SESLHD 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 SESLHD 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 SESLHD.

B SETTING THE STRATEGIC DIRECTION FOR SESLHD 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 SESLHD. This process includes setting a strategic direction for both SESLHD 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

SESLHD 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 SESLHD's Finance and Performance Committee and the Ministry of Health are accurate and that relevant internal controls for SESLHD are in place.

The Board has approved, and has in place systems to support the efficient and economic operation of SESLHD, 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 SESLHD'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 SESLHD.
- 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.
- Creditor levels comply with Ministry of Health requirements.
- Write-offs of debtors have been approved by duly authorised delegated officers.
- SESLHD's General Fund has not exceeded the MOH approved net cost of services allocation.
- SESLHD did not incur any unfunded liabilities during the financial year.
- The Director of Finance has reviewed the internal liquidity management controls and practices and they comply with Ministry of Health requirements.

The Internal Auditor reviews the above on a regular and planned basis.

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 SESLHD.

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 SESLHD are being managed in an appropriate and efficient manner.

During the financial year, Finance and Performance Committee comprised the following membership;

- Ms Kristin Stubbins (Board Member & Chair, from March 2015)
- Ms Kate Munnings (Board Member & Acting Chair until March 2015)
- Mr Robert Boyd-Boland (Board Member, until December 2014)
- Ms Patricia Azarias (Board Member)

- Mr Jonathon Doy (Board Member from January 2015)
- Mr Gerry Marr (Chief Executive)
- Ms Karen Foldi (Director of Finance)
- Ms Kylie McRae (Director Internal Audit & Risk 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 SESLHD
- Advice on the achievement of strategic priorities identified in the performance agreement for SESLHD
- 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

SESLHD 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 SESLHD's learning and development strategy.

The Chief Executive, as the principal officer for SESLHD, 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 SESLHD 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 SESLHD's plans and initiatives for providing health services and also provides advice to the community and local providers with information about plans, policies and initiatives.

During 2014/15 SSLHD developed a Community Engagement Strategic Plan which was endorsed by the board in late 2014. It has since commissioned a Manager for Community Partnerships to further develop and deliver an action plan.

The recently revised District Community Partnerships Committee (CPC) is the overarching body overseeing community and stakeholder consultation within SESLHD. There are also facility/service Community Advisory Committees to facilitate community and stakeholder engagement at the local levels. The facility/service Community Advisory Committees report directly the facility/service General Managers via their Clinical Councils and there is a feedback and reporting mechanism from the CPC to the CACs. SESLHD's newly appointed Community Engagement Manager is working with the CPC and the SESLHD Board's Healthcare Quality Committee to appoint consumer representatives to these committees.

Community and stakeholder engagement was also facilitated through the "SESLHD On the Couch and Annual General Meeting' event held in December 2014. The event was attended by the Chief Executive, Board members, CAC members from across the District, volunteers, chaplains, members of Hospital Foundations, related Non-Government Organisations and the broader community. At this event, partners of SESLHD and the broader community were invited to ask questions of the Chief Executive and Board in a public forum. The event had a strong focus on integrated care.

Information on the key policies, plans and initiatives of SESLHD and information on how to participate in their development are available to staff and to the public at http://www.seslhd.health.nsw.gov.au/HealthPlans/default.asp

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 SESLHD and its facilities and units, including SESLHD's system of internal control. The Chief Executive develops and operates the risk management processes for SESLHD.

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

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

SESLHD 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 SESLHD'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 SESLHD's financial reporting, safeguarding of assets, and compliance with SESLHD's responsibilities, regulatory requirements, policies and procedures
- to oversee and enhance the quality and effectiveness of SESLHD'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 SESLHD'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 SESLHD.

The Audit and Risk Management Committee comprises five members, none of whom are employees of, or contracted to, provide services to SESLHD. The Chairperson of the Audit and Risk Management Committee is Mr Todd Davies who is one of the independent members of the committee. The other members of the committee are Mr Jim Mitchell (independent), Ms Lyn Baker (independent), Ms Patricia Azarias (independent Board member), Mrs Janet McDonald (independent Board member, member of ARMC until February 2015) and Dr Robert Farnsworth (independent Board member, member of ARMC from February 2015). The Audit and Risk Management Committee met on seven occasions during the financial year.

The Chairperson of the committee has right of access to the Secretary of the NSW Ministry of Health.

G Qualifications to governance attestation statement

Item: Monitoring financial and service delivery performance

SESLHD's General Fund exceeded the MOH approved net cost of services allocation.

Qualification

SESLHD achieved an unfavourable General Fund NCOS result for 2014/15 of $19.9M. It should be noted that this result excluded additional cash assistance of $39M received from the Ministry of Health. No budget adjustment to revenue was received resulting in an overall unfavourable result of $19M for the District.

Progress

The District has initiated strategies to align to the 2015/16 budget.

Remedial Action

SESLHD has established a Program Management Office to oversee the development and implementation of the 2014-17 Recovery Plan.

Detailed reports on achievement of strategies identified within the recovery plans have been developed and will tabled for inclusion in the monthly performance meetings as well as the Board meetings for 2015/16.

Mr Gerry Marr, ***Chief Executive***

Kylie McRae, ***Director of Internal Audit & Risk Management***