Corporate Governance Attestation Statement for South Western Sydney Local Health District 30 June 2015

CORPORATE GOVERNANCE ATTESTATION STATEMENT
SOUTH WESTERN SYDNEY LOCAL HEALTH DISTRICT

The following corporate governance attestation statement was endorsed by a resolution of the South Western Sydney Local Health District Board at its meeting on 24 August 2015.

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

A signed copy of this statement was provided to the Ministry of Health on 26 August 2015.

Signed:

Carolyn Burlew
A/g Chairperson

Date 24/8/15

Ms Amanda Larkin
Chief Executive

Date 24/8/15

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 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 2014/2015 financial year the Board consisted of a Chair, a Deputy Chair and 11 members appointed by the Minister for Health. The Board met 11 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.

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. 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 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.

The Chief Executive ensures that the financial and performance reports provided to the Board and those submitted to the LHD Finance Committee and the Ministry 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 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 Committee of the organisation.
- Information reported in the Ministry of Health monthly reports reconciles to and is consistent with reports to the Finance Committee.
- All relevant financial controls are in place.
- Creditor levels did not comply with Ministry of Health requirements.
- Write-offs of debtors have been approved by duly authorised delegated officers.
- The Public Health Organisation General Fund has not exceeded the Ministry of Health approved net cost of services allocation.
- The organisation 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 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 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 Committee

The Board has established a Finance 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 Committee is chaired by Mr John Gordon and comprises:

Ms Carolyn Burlew, Board Member,
Ms Nina Berry, Board Member,
Professor Neil Merrett, Board Member (until October 2014)
Dr David Abi-Hanna, Board Member (from September 2014).

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

The Finance 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 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.

SWSLHD has a number of processes in place to ensure the input of consumers in delivery and development of health services. This includes the Consumer and Community Participation Council that ensure:

- the health service involves consumers, carers and the community in planning, delivery and evaluation of services;
- local communities are well informed about local and district health service issues and priorities; and
- there is transparency and accountability in the health service decision-making and evaluation.

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 the LHD's website http://www.swslhd.nsw.gov.au/, the LHD's Facebook page and in local media as appropriate.

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 five 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 Barrie Martin and is one of the independent members of the committee. The other members of the committee are:

Mr Paul Apps – Independent Member
Ms Christine Feldmanis – Independent Member
Ms Carolyn Burlew – Board Member Representative
Mr John Gordon – Board Member Representative

The Audit and Risk Management Committee met on 7 occasions during the financial year.

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

G Qualifications to governance attestation statement

Item: Creditor levels

Qualification

The creditor levels do not comply with the Ministry of Health requirements. The small business creditors unpaid invoices exceeded 30 days at the end of the month

Progress

Small creditors are paid in the next pay run after their invoices are validated. On average small creditors are paid within 10 days from the receipt of their invoice. However on some occasions an invoice on hold is not released for payment in time to meet the 30 days deadline.

SWSLHD achieved 100% of payments within 30 days in February, March and April. However a small number of invoices were not released from being on hold in May and June and caused the LHD to only achieve a payment rate of 99%.

In July the LHD again achieved a 100% payment rate.

Remedial Action

The Accounts Payable Manager prepares a report each week of all the small vendor invoices that are on hold. This report is circulated by the Director Finance to all Hospital Finance Directors for them to action and released the held invoices for payment.

24/8/15

Amanda Larkin
Chief Executive

Rosemary Pronger 24.8.15.

Rosemary Pronger
Manager, Internal Audit