Corporate Governance Attestation Statement for Western Sydney Local Health District 1 July 2018 – 30 June 2019

NSW GOVERNMENT | Health

CORPORATE GOVERNANCE ATTESTATION STATEMENT
WESTERN SYDNEY LOCAL HEALTH DISTRICT

The following corporate governance attestation statement was endorsed by a resolution of the Western Sydney Local Health District Board at its meeting on 13 August 2019 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 Sydney 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 2018-2019 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 2019.

Signed:

Richard Alcock
Chairperson

15 August 2019
Date

Graeme Loy
Chief Executive

2 September 2019
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 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 2018/2019 financial year the Board consisted of a Chair, Richard Alcock AO, Deputy Chair, Professor Jeremy Chapman AC and 12 Board members appointed by the Minister for Health. The Board met 11 times during this period.

The Board Secretariat is Ms Julia Millen, Governance Officer, Office of the Chief Executive.

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 was not in existence or established in 2018/19. The Director Aboriginal Health Strategy was not appointed till May 2019. An Aboriginal

Health Advisory Committee will be established during 2019/2020 by the newly appointed Director (refer to Qualification Items 1 and 2).

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** Strategic asset management plan – 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.

Note: An Aboriginal Health Action Plan has not been developed in 2018/19 (refer to Qualification Item 2)

Also in order to achieve the strategic directions and priorities of the NSW State Health Plan, the Board has put in place the following Committees:

Health Care Quality Committee (HCQC)
The HCQC comprises of 19 members.
The Chairperson is Associate Professor Michael Hollands AM. There were 5 meetings held during the year.

Research Development Committee
The Research Development Committee comprises of 20 members.
The Chairperson is Professor Jeremy Chapman AC, a WSLHD Board Member. There were 4 meetings held during the year.

Professional Education and Training Committee
The Professional Education and Training Committee comprises of 9 members.
The Chairperson is Professor Don Nutbeam, a WSLHD Board Member. There was 1 meeting held during the year.

WSLHD & SCHN Redevelopment Joint Committee
The Committee currently comprises of 15 members, with Mr Richard Alcock AO, WSLHD Board Chair and Mr Jack Ford, Co-Chair of the SCHN Board, rotating as the Chairperson. There were 6 meetings held during the year.

WSLHD Board Nominations Committee
The WSLHD Board Nominations Committee comprises 5 members. The Chairperson is Ms Narelle Bell, WSLHD Board Member. There were 5 meetings held during the year.

Governance Sub-Committee
The Governance Sub-Committee comprises of 6 members. The Chairperson is Ms Elizabeth Crouch AM, a WSLHD Board Member. There were 6 meetings held during the year.

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 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 exceeded the Ministry of Health approved net cost of services allocation, as stated in the Organisation's service agreement (refer to Qualification Item 3).
9) It is assured the Organisation did not incur any unfunded liabilities during the financial year.
10) The Director of 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 for 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 agreement between the Board and the Chief Executive.

The former Chief Executive had not established performance agreements with all Health Executive Service Members employed within the organisation (refer to Qualification Item 4).

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 is chaired by WSLHD Board Member, Mr Andrew Bernard and comprises of 10 members including the Chief Executive, Board Deputy Chair, Executive Director Operations, Executive Director Finance, Deputy Director Finance, General Manager – Westmead & Auburn Hospitals, General Manager – Blacktown & Mt Druitt Hospitals and two independent members.

The Chief Executive attended all meetings of the Finance and Performance Committee unless on approved leave. The Committee met 11 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 (ICAC), and has provided a copy of those reports to the Ministry of Health.

The Chief Executive, during December 2018, informed the ICAC of the potential corrupt conduct occurring within the Digital Health Solutions (DHS) over the procurement, contract extensions and management of its contingent labour workers. All DHS contingent labour contracts have since not been extended.

For the period the Chief Executive reported 2 other cases of potential corrupt conduct, which includes, parking fine waiver and conflict of interest by senior staff. During the period, the ICAC have referred 2 matters of potential corrupt conduct which includes, asset disposal and recruitment.

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 4 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.

Western Sydney Local Health District continues to strengthen a culture of community engagement / participation as well as encouraging cooperation and teamwork between health professionals, patients, families, carers under the Community and Consumer Engagement Framework and specific initiatives including the capital works program to ensure there is appropriate community consultation and the best care is provided to our population of Western Sydney. Specific initiatives focusing on local decision making and involving the community in health care cover an extensive range of community services

and programs. Stakeholder consultations are undertaken through the; District's Staff Clinical and Medical Council, 3 World Cafés, WSLHD Youth Council, and the Cultural Reform Steering Committee.

The Cultural Reform Steering Committee which oversight the improvements into the Westmead Hospital's Intensive Care Service, has to date achieved the following:

- A dedicated Project team informs the Westmead Intensive Care Unit (ICU) Working Party
- Junior Medical Officers have been allocated protected training time
- ICU Consultants meet every Monday to discuss/address specific topic areas
- Senior consultant staffing profile has been enhanced to compensate for the loss of 14 accredited trainee positions
- Appointment of a Trainee Welfare Advocate (fellow)
- Engagement of a Psychotherapist with expertise in workplace wellbeing
- Purchases of additional simulation training equipment
- Models of Care are being developed in parallel to the Westmead Redevelopment

Local Partnership Agreements are in place with Western Sydney Local Health District (WSLHD), Western Sydney PHN (WentWest), Sydney Children's Hospital Network (SCHN), the Sydney West Aboriginal Health Service and the Co-design in Mental Health.

The Co-design in Mental Health included:

- Challenging the ways which nicotine dependencies is managed on acute inpatient units
- Working as full members of the multidisciplinary clinical teams
- Peer workers lead training for clinicians and managers
- Impactful use of the consumer narrative – quotes and stories of experience
- Participation in serious incident reviews
- Pivotal and transformational contribution of carers into reducing rates of seclusion and restraint in child and adolescent mental health inpatient units

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.wslhd.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 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 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
- Information technology

WSLHD is continuing to improve its Risk Management Framework and processes to better enable senior management to identify, understand, manage and satisfactorily control its exposure to risk.

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 implemented by management 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.
- to maintain a current Charter outlining its roles and responsibilities to the Organisation.

The Audit and Risk Management Committee met 7 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 governance attestation statement

Item 1:

Standard 2: ENSURING CLINICAL AND CORPORATE GOVERNANCE RESPONSIBILITIES ARE CLEARLY ALLOCATED AND UNDERSTOOD

Aboriginal Advisory Committee -

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

Qualification

WSLHD has not yet established an Aboriginal Advisory Committee.

Progress

Aboriginal health services are covered in the Health Services Plan. Significant consultation with community and staff has guided the future design and governance of Aboriginal Health in the district. This has included establishing the Aboriginal Health Collaborative with the WSLHD, SCHN, WentWest and GWAHS (Greater Western Aboriginal Health Service as part of the Wellington Aboriginal Corporation Health Service).

WSLHD had realigned Aboriginal Health under the auspice of the Executive Director Operations, with community based clinical services under the Integrated and Community Health Priority Population's stream.

The District continues to be in a process of establishing several senior Aboriginal management roles, this included the recent appointment of the Director Aboriginal Health Strategy, Mr Braiden Abala, who commenced in May 2019.

Remedial Action

It is envisaged that the recently appointed Director Aboriginal Health Strategy in 2019-2020 will formally establish the Aboriginal Advisory Committee, this will take place in tandem with the development of the Aboriginal Health Plan (refer to Qualification Item 2).

Item 2:

Standard 3: SETTING THE STRATEGIC DIRECTION FOR THE ORGANISATION AND ITS SERVICES

Planning

e) Aboriginal Health Action Plan – Ensuring health needs are met competently.

Qualification

WSLHD has not yet developed an Aboriginal Health Action Plan.

Progress

Aboriginal health services are covered in the Health Services Plan. Significant consultation with community and staff has guided the future design and governance of Aboriginal Health in the district. This has included establishing the Aboriginal Health Collaborative with the WSLHD, SCHN, WentWest and GWAHS (Greater Western Aboriginal Health Service as part of the Wellington Aboriginal Corporation Health Service).

WSLHD has realigned Aboriginal Health under the auspice of the Executive Director Operations, with community based clinical services under the Integrated and Community Health Priority Population's stream.

The District continues to be in a process of establishing a number of senior Aboriginal management roles, this included the recent appointment of the Director Aboriginal Health Strategy, Mr Braiden Abala who commenced in May 2019, and is an active member of the WSLHD Executive reporting to the Executive Director Operations and Program Lead, Aboriginal Health Collaborative Program, and will also report to the Collaborative Committee.

Remedial Action

It is envisaged that the recently appointed Director Aboriginal Health Strategy in 2019-2020 will formally develop and implement the Aboriginal Health Plan, this will take place in tandem with the establishment of the Aboriginal Advisory Committee (refer to Qualification Item 1).

Item 3:

Standard 4: MONITORING FINANCIAL AND SERVICE DELIVERY

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.

Qualification

For the year ending 30 June 2019, the General Fund has exceeded the Ministry of Health approved Net Cost of Service (NCoS) allocation by $6.967M.

Progress

This unfavorable result is a continuing improvement from previous year (-$18.446M) and a considerable amount of work has been carried out by the WSLHD, through the Finance & Performance Committee and Finance Directorate to ensure the unfavourable NCoS variance continues to reduce.

It should be noted that WSLHD has exceeded the activity targets by 1% for the financial year.

Remedial Action

The District remains committed to the 2 ½ year turnaround plan commenced in FY18 and intends to continue to monitor and manage the progress and actions carried out in reducing expenditure and increasing revenue across the WSLHD.

Item 4:

Standard 4: MONITORING FINANCIAL AND SERVICE DELIVERY PERFORMANCE

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.

Qualification

Performance agreements for 2018/2019 between the former Chief Executive and all Health Executive Service members were not completed in 2018/2019.

Progress

Performance agreements for 2018/2019 between the Chief Executive and all Health Executive Service members are currently in progress.

Remedial Action

Review and sign-off of performance reviews are currently in progress for the 2018/2019 review year and will be put in place for 2019/2020, in conjunction with the Ministry of Health.

Graeme Loy
[Signed – Chief Executive]

Ed Alegado
[Signed – Chief Audit Executive]