Corporate Governance Attestation Statement for
Central Coast Local Health District
1 July 2018 – 30 June 2019

CORPORATE GOVERNANCE ATTESTATION STATEMENT
CENTRAL COAST LOCAL HEALTH DISTRICT

The following corporate governance attestation statement was endorsed by a resolution of the Central Coast Local Health District Board at its meeting on 26 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 Central Coast 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:

Paul Tonkin
Chairperson

Date 26/8/19

Dr Andrew Montague
Chief Executive

Date 12/8/19

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 Mr Paul Tonkin and 11 members (July 2018 – December 2018) and 12 members (January 2019 - June 2019), 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.

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.

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/SN, 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 District's service agreement by $9,844,942 (1.25% of total budget).
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 is chaired by Neal O'Callaghan, Board Member. Core membership of the Committee includes Chief Executive, Executive Director Finance and Corporate Services, Director Quality, Strategy and Improvement and representatives of the District's Board. The Chief Executive attends 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/SN 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 14 cases of corrupt conduct, five of which relate to privacy breaches.

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.

The District has a range of ways of involving consumers as partners in the design, delivery and evaluation of healthcare. The Consumer Participation Framework guides and assists the District with defining its direction, meeting its goals and working with the community. The Framework has been written with consumers for consumers and describes and supports the establishment of the consumer network.

It also provides a governance structure and implementation of a toolkit for staff. The Community and Consumer Engagement Committee (CCEC) is a subcommittee of the Board and meets monthly to discuss opportunities for consumer participation in all areas within the District. The role of the committee is to drive consumer engagement and partnership across the District at all levels. It also provides guidance incorporating the views of consumers to the Chief Executive and to the Board in order to improve the quality of health and healthcare for the local community.

There is a reporting mechanism in place that ensures that the committee is provided with key reports and documents to consider and comment on as required. The committee works proactively to facilitate the input of consumers of health services, and other members of the community, into the key policies, plans and initiatives of the organisation.

A Local Partnership Agreement is in place between Central Coast Local Health District, Yerin Aboriginal Health Service Incorporated and Hunter New England Central Coast Primary Health Network.

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.cclhd.health.nsw.gov.au

http://intranet.cclhd.health.nsw.gov.au/Pages/default.aspx

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
- Research.

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:

Qualification

Standard 3: Setting the Strategic Direction for the District and its Services
- The District's Strategic Plan (2011) is currently being revised.

Standard 4: Monitoring Financial and Service Delivery Performance
- The District exceeded the Ministry of Health approved net cost of services allocation by $9,844,942 (1.25% of the total budget) as a result of :
  - i) $6M for the increased non-activity costs of the new Gosford Hospital inpatient facility, which underlying is $13M (unfavourable) but was offset by the additional one off $7M received in February 2019.
  - ii) $0.5M (unfavourable) due to the additional required Endoscopy activity and for which, spot purchasing was not approved.
  - iii) An increase in surge beds due to increased activity through the Emergency Department.
  - iv) $3.4M (unfavourable) for the worker's compensation premium deficit.

Progress

Standard 3:
- Staff forums have been held across the District and a survey was conducted for all staff to provide feedback.
- It is anticipated the District's Strategic Plan 2019-2024 will be completed by September 2019.

Standard 4:
- Not applicable.

Signed – Chief Executive

Signed – Director of Internal Audit