

29 August 2019

Mr Phil Minns  
Deputy Director General  
Governance, Workforce and Corporate  
NSW Health Department  
Locked Mail Bag 961  
NORTH SYDNEY NSW 2059

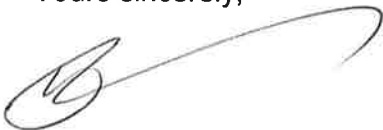
Dear Mr Minns *Phil*

**Re: Statement of Corporate Governance Attestation Statement 2018-2019**

Please find enclosed the original completed and signed Corporate Governance Attestation Statement for Northern NSW Local Health District for 1 July 2018 to 30 June 2019, as required.

Should you require further information concerning the Corporate Governance Statements please contact me on telephone 6620 2217.

Yours sincerely,



Wayne Jones  
**Chief Executive**

**Corporate Governance Attestation Statement for  
Northern New South Wales Local Health District  
1 July 2018 – 30 June 2019**



**Health**

## **CORPORATE GOVERNANCE ATTESTATION STATEMENT**

### **Northern New South Wales Local Health District**

The following corporate governance attestation statement was endorsed by a resolution of the Northern NSW Local Health District (NNSW LHD) Board at its meeting on 28 August 2019.

The Board is responsible for ensuring effective corporate governance frameworks are established for the Northern NSW 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.

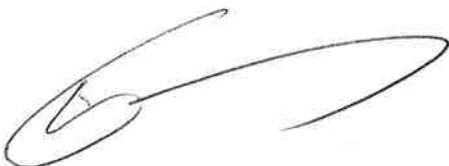
A signed copy of this statement is provided to the Ministry of Health by 31 August 2019.

Signed:



**Brian Pezzutti**  
Chairperson

Date 28/8/19



**Wayne Jones**  
Chief Executive

Date 28/08/19

## **STANDARD 1: ESTABLISH ROBUST GOVERNANCE AND OVERSIGHT FRAMEWORKS**

### **Role and function of the Board**

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:

- A** Ensuring clinical and corporate governance responsibilities are clearly allocated and understood
- B** Setting the strategic direction for the LHD 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 2018/2019 financial year the Board consisted of a Chair Dr Brian Pezzutti and twelve (12) members up to 31 December 2018 and from 1 January 2019 the Board consists of thirteen (13) members appointed by the Minister for Health. The Board met twelve (12) 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 also has a mechanism in place to gain reasonable assurance that the LHD complies with the requirements of all relevant government policies and NSW Health policy directives and policy and procedure manuals as issued by the Ministry of Health.

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## **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 Clinical Governance and the safety and quality of care provided to the communities the NNSW LHD 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 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 NNSW LHD.

## **STANDARD 3: SETTING THE STRATEGIC DIRECTION FOR THE NNSW LHD 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 NNSW LHD. This process includes setting a strategic direction for both the LHD 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 Board 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 District's Finance and Performance Committee and the Ministry of Health and that relevant internal controls for the District 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 the Chief Executive attest 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 the NNSW LHD's financial condition and the operational results are in accordance with the relevant accounting principles.
- The recurrent budget allocations in the Ministry of Health's financial year advice reconcile to those allocations distributed to LHD units and cost centres.
- Overall financial performance is monitored and reported to the Finance and Performance Committee of the LHD.
- 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 conform with Ministry of Health requirements.
- Write-offs of debtors have been approved by duly authorised delegated officers, as reported by the Chief Financial Officer.
- The NNSW LHD General Fund has not exceeded the Ministry of Health approved net cost of services allocation, as stated in the LHD's service agreement.
- The LHD did not incur any unfunded liabilities during the financial year.
- The Chief Financial Officer has reviewed the internal liquidity management controls and practices and they comply with Ministry of Health requirements.

The Internal Auditor did not undertake any specific reviews of the above during the financial. An oversight of these functions was undertaken.

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## **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 NNSW LHD.

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 LHD are being managed in an appropriate and efficient manner.

The Finance and Performance Committee is chaired by Mr Mark Humphries, Board Member and comprises of twelve (12) members including Dr John Moran, Board Member, Mr Michael Carter, Board Member, Chief Executive, Chief Financial Officer, Director Clinical Governance, Director Corporate Services, Director Clinical Operations, Associate Director of Financial Services Executive Director Nursing & Midwifery and Aboriginal Services, General Manager Mental Health & Drug and Alcohol Services and Streams and Manager Internal Audit.

The Chief Executive attends all meetings of the Finance and Performance Committee unless on approved leave. The Committee met ten (10) 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 LHD
- Advice on the achievement of strategic priorities identified in the performance agreement for the LHD
- 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.

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## **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 behavior.

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 LHD, 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 reporting period the LHD reported three (3) Section 11 notification to the Independent Commission Against Corruption.

Policies and procedures are in place to facilitate the reporting and management of public interest disclosures within the LHD in accordance with state policy and legislation, including establishing reporting channels and evaluating the management of disclosures.

For the reporting period the LHD reported zero (0) public interest disclosures to the NSW Ombudsman.

## **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.

The Northern NSW LHD Executive and Board endorsed a new community engagement framework in May 2019. This framework provides an overview of the community engagement structures which facilitate the input of health consumers and stakeholders into key policies, plans and NNSWLHD initiatives. These include:

- Community Partnership Advisory Council – a sub-committee of the Board
- Local Community Advisory groups in areas where the LHD provides services
- Mental Health Forum
- Drug and Alcohol Advisory Committee
- Ngayundi Aboriginal Health Council
- Aboriginal Health Partnership
- Non-Government Organisations
- Multi-Purpose Service Network Community Consultation Forum
- Health Literacy Steering Committee



The framework includes a 2019-21 community engagement strategy which was developed with input from staff and community representatives.

The framework is available on the NNSW LHD website and can be viewed via this link: [https://nswlhd.health.nsw.gov.au/wp-content/uploads/2019\\_Community-Engagement-Framework\\_online\\_FINAL.pdf](https://nswlhd.health.nsw.gov.au/wp-content/uploads/2019_Community-Engagement-Framework_online_FINAL.pdf)

A more detailed version of the framework has also been developed to provide guidance for NNSWLHD staff.

In addition to the above structures, community representatives sit on a number of safety and quality committees and special interest groups to enable community input into plans, policies and other health service initiatives.

NNSWLHD has a community engagement database where community members and stakeholders can register to receive information about opportunities to participate and provide input into health service decision making processes.

Information on the key policies, plans and initiatives of the LHD and information on how to participate in their development are available to staff and to the public at:

<https://nswlhd.health.nsw.gov.au/about/northern-nsw-local-health-district/community-and-clinical-engagement/>

## **STANDARD 7: ESTABLISHING SOUND AUDIT AND RISK MANAGEMENT PRACTICES**

### **Role of the Board in relation to audit and risk management**

The Board is responsible for supervising and monitoring risk management by the NNSW LHD and its facilities and units, including the LHD's system of internal control. The Chief Executive develops and operates the risk management processes for the LHD.

The Board receives and considers reports through the Audit and Risk Committee which monitors implementation of recommendations from internal and external audits.

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

The LHD 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 (including 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 LHD'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 LHD's financial reporting, safeguarding of assets, and compliance with the LHD's responsibilities, regulatory requirements, policies and procedures
- to oversee and enhance the quality and effectiveness of the LHD'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 LHD's outputs efficiently, effectively and economically, so as to obtain best value for money and to optimise 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 LHD.
- To maintain a current Charter outlining its roles and responsibilities to the LHD.

The Audit and Risk Committee met six (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.

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## **QUALIFICATIONS TO THE GOVERNANCE ATTESTATION STATEMENT**

### **Item: Monitoring Financial and Service Delivery Performance**

#### **Qualification**

The NNSW LHD exceeded the Ministry of Health net cost of service expenditure allocation by \$2.7M unfavorable or -0.3% for the financial year 2018-2019.

#### **Progress**

Tighter expenditure controls and monitoring of cash flows throughout 2018-2019 has seen an increase in activity above target NWAU's 3.2% or \$17M at marginal prices compared to expenditure \$2.7M above target.

#### **Remedial Action**

Strategies have been developed for the 2019/20 Financial Year to continue to address the underlying issues that led to the unfavorable expenditure variance to budget for 2018-2019.



*Wayne Jones – Chief Executive*



*Emma Webb – Chief Audit Executive*