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

CORPORATE GOVERNANCE ATTESTATION STATEMENT
Northern Sydney Local Health District

The following corporate governance attestation statement was endorsed by a resolution of the Northern Sydney Local Health District Board at its meeting on 20 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 Northern 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:

Trevor Danos

Mr. Trevor Danos AM
Chairperson Date 27 August 2019

Deborah Willcox
Chief Executive Date 27 August 2019

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. Trevor Danos AM and 12 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.

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 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 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

The requirements for an Asset Management and Workforce Development plan were not met.

- The Asset Strategic Plan (ASP) has not been updated since 2018. The MoH did not require the submission of an Asset Strategic Plan Section B in 2019, in part a consequence of the Infrastructure NSW's Asset Management Policy still being finalised. NSLHD submitted the required letter to the MoH to notify of any additions or changes to top five capital priorities included in Section A of 2018 ASP.

- The last Workforce Plan available was for the period from 2013-2018. NSLHD have developed a new Strategic Plan (2017-2022) for the District, and various Operational plans for services including Clinical Services, ICT etc. Both the Strategic Plan and Operational Plans incorporate workforce objectives and therefore the need for an additional stand-alone Workforce Plan is currently being reviewed. If it is deemed to be necessary, a stand-alone Workforce Plan will be developed by December 2019.

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 Risk & 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 Chief Executive attests to the Board that:

1) The financial reports submitted to the Finance Risk & 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, Risk 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 Risk & 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 not exceeded the Ministry of Health approved net cost of services allocation, as stated in the Organisation's Service Agreement.
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 during the financial year. There were two matters noted for qualification:

The Public Health Organisation General Fund exceeded the Ministry of Health approved net cost of services allocation by $23.4M. This includes an underlying business as usual deficit and extraordinary costs associated with the Northern Beaches Hospital. To address this issue a number of actions will be / have been implemented:

- The District has been funded for identified recurrent cost relating to Northern Beaches Hospital;
- The regular meetings with General Managers and Service Directors will continue to concentrate on remedial action and saving strategies;
- Forecasting as a new KPI will continue to be monitored closely;
- Facility Performance measures introduced in 2018/2019 will continue in 2019/2020;
- The Performance Support Team has been established to look at efficiencies and process improvements;
- Full Time Equivalent (FTE) management continues with the Approval to Fill (ATF) Committee; and
- Roadmaps are being developed to address the 2019/2020 efficiency requirements

Across January, March, April and May 2019, some trade creditors totaling $107,970 were not paid within 45 days. This reflects a timing difference between the final creditors run of the month and the Ministry of Health's reporting timeframe. The LHD did not experience any liquidity issues during the 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, Risk and Performance Committee

The Board has established a Finance, Risk 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, Risk and Performance Committee is chaired by Adjunct Associate Professor Annette Schmiede and comprises of six members, including Chief Executive, Executive Director Operations, Director Finance & Corporate Services, Board Member (2) and the Chief Risk Officer. The Chief Executive attends all meetings of the Finance Risk & Performance Committee unless on approved leave. The Committee met 11 times during this period.

The Finance, Risk and Performance Committee receive monthly reports that include:

- Financial performance of each facility / service
- 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, Risk 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, and has provided a copy of those reports to the Ministry of Health.

For the period the Organisation reported six cases of corrupt conduct.

Policies and procedures are in place to facilitate the reporting and management of Public Interest Disclosures (PID) within the Organisation in accordance with state policy and legislation, including establishing reporting channels and evaluating the management of disclosures.

For the period no public interest disclosures were reported by the Organisation. There has only been one PID complaint lodged within 2018/19. This complaint did not meet the PID principles for management under the PID policy.

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 Executive, with Board involvement, provides information and advice to the community and local providers about the Local Health District policies and initiatives and seeks their views on Northern Sydney Local Health District (NSLHD) plans for providing health services. Information dissemination and community voice is achieved through general community based Forums and special interest groups forums such as Carers, Youth, Disabled and Mental Health Consumer forums.

Supported by the Board, NSLHD is committed to enabling and enhancing opportunities for input and feedback. The District also strives to improve the health, well-being and the health literacy of our community through the availability and access to information and resources about our services and health-related topics tailored to the needs of consumers. An example of exemplary practice in health literacy is the District's purchase of the EIDO Patient Information Brochure Library, a suite of plain English and pictorial brochures for the intellectually challenged that simply explain clinical procedures, their risks, benefits and alternatives, for the purpose of achieving truly informed consent.

The NSLHD Consumer Committee is a Board Sub-Committee established to provide Board assurance and strategic advice in relation to the consumer and carer experience of health care and to develop effective partnership strategies for our NSLHD community. The NSLHD Consumer Committee is Chaired by a Board Member and membership includes four consumer advisors including the Chairperson of the NSLHD District Consumer Advisory Council, a representative from the Aboriginal Health Service and up to three other members of the Board.

The NSLHD District Consumer Advisory Council (DCAC) provides advice and support to the NSLHD Consumer Committee and the District's Operational Clinical Quality Improvement Committee. The DCAC is Chaired by a consumer and membership is representative of consumer advisors who partner with NSLHD.

Consumers are involved in governance processes through their membership and involvement on Committees in the facilities and services within the LHD. Currently Royal North Shore Hospital, Ryde Hospital, Mona Vale Hospital, Hornsby Hospital and Primary and Community Health have Consumer Participation Committees (CPC) or Consumer Advisory Councils (CAC)s which meet regularly to discuss consumer engagement and the patient experience in these facilities and services. Consumers are also involved in many other aspects of service evaluation and development including involvement as team members on service co-design and quality improvement initiatives. Currently NSLHD has more than 70 consumer advisors providing input in this capacity, with an ever increasing

demand for their involvement.

Mental Health Drug and Alcohol (MHDA) has a Peer Workforce Committee (previously Consumer Participation Committee) and a Carer Network. Members from these committees also sit on the MHDA Clinical Council. Consumers and carers are members of a number of key committees, at both MHDA and sector/service level, and also participate in operational planning, service evaluation, education, quality improvement and research.

The NSLHD Carer Support Service has launched the NSLHD Carer Strategy 2018-2023. The Carer Strategy identifies a number of strategic goals that will support the implementation of the NSW Health Recognition and Support for Carers Key Directions 2018-2020.

Sources of consumer feedback include complaints captured via the NSLHD Incident Information Management System (IIMS). Complaints are investigated and managed at the facility/service level with the support of local patient representatives. Reporting to the Board through the NSLHD Health Care Quality Committee on complaints occurs quarterly including reporting against target key performance indicators for acknowledgement and resolution of complaints. NSLHD achieved 97% against the complaint management KPI for 5 day complaint receipt response (benchmark: 100%) and 90% against the KPI for 35 days complaint closure (benchmark: >80%).

The NSW Bureau of Health Information Patient Survey Program provides consumer feedback data to NSLHD regarding the patient's experience of their care at a facility level. The results of the Patient Survey Program are reviewed by a number of governing committees across NSLHD including the NSLHD Consumer Committee, the DCAC and at each of the local CPC/CAC meetings.

The NSW Agency for Clinical Innovation have created a portal to enable the collection of Patient Reported Measures related to a patient's health outcomes and experience. Commencing in September 2019, the Patient Reported Measures program will be rolled out across the Leading Better Value Care initiatives. The data collected through the Patient Reported Measures program will be available in "real-time". This initiative will enable patients, families and carers to provide direct, timely feedback about their health related outcomes and experiences to drive improvement and integration of health care in NSLHD.

A Local Partnership Agreement is in place between the Aboriginal Medical Service Co-operative Limited and the Northern Sydney LHD, South Eastern Sydney LHD, Sydney LHD, St Vincent's Health Network and Sydney Children's Hospitals 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 the internet site www.nslhd.health.nsw.gov.au. The site can be accessed by both Staff and the Public and includes information on the policies, plans and initiatives of the organisation. The Board rotates its meeting sites so as to visit each hospital facility at least once per year.

The LHD's intranet site http://intranet.nslhd.health.nsw.gov.au/Pages/default.aspx can be accessed by all staff.

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 NSLHD Board Audit and Risk Committee 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.

Board 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
- 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 comprises three independent members, including the Chairperson and two non-independent Board members and met on six occasions during the financial year.

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