

## **CORPORATE GOVERNANCE STATEMENT**

### **The Royal Alexandra Hospital for Children**

The Chief Executive is responsible for the Corporate Governance Practices of the Royal Alexandra Hospital for Children (trading as the Children's Hospital at Westmead). This statement sets out the main corporate governance practices in operation within the organisation for the 2009 – 10 financial year.

A signed copy of this statement was submitted to the Department of Health on 13 August 2010.



Dr Antonio Penna  
Chief Executive

Dated 13 August 2010

## **Establish robust governance and oversight frameworks**

### Role and function of the Chief Executive

The Chief Executive carries out its functions, responsibilities and obligations in accordance with the *Health Services Act 1997*.

The Chief Executive has practices in place to ensure the fulfilment of the following primary governing responsibilities:

1. Ensuring clinical governance responsibilities are clearly allocated and understood.
2. Setting the strategic direction for the organisation and its services.
3. Monitoring financial and service delivery performance.
4. Maintaining high standards of professional and ethical conduct.
5. Involving stakeholders in decisions that affect them.
6. Establishing sound audit and risk management practices.

### Authority and role of senior management

All financial and administrative authorities that have been delegated by the Chief Executive to the senior management of the organisation are formally documented within a delegations manual for the organisation. The roles and responsibilities of 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 statutory legislation is adhered to within all facilities and units of the organisation, including statutory reporting requirements.

The Chief Executive also has a mechanism in place to gain reasonable assurance that the organisation complies with the requirements of all relevant government policies and NSW Health policy directives and policy and procedure manuals as issued by the Department of Health.

## **Ensure clinical governance responsibilities are clearly allocated and understood**

The Chief Executive has systems and activities in place 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 PD2005\_608 *Patient Safety and Clinical Quality Program*.

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 is responsible for and has a mechanism 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 visiting practitioners and specialists employed by the organisation.

### **Set the strategic direction for the organisation and its services**

The Chief Executive has in place a process 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
- (a) Information management and technology
- (b) Research and teaching
- (c) Workforce development

### **Monitor financial and service delivery performance**

#### Performance agreements

Written performance agreements were in place during the financial year between the organisation and the Director-General, NSW Department of Health and for the Chief Executive and all Health Executive Service Members employed within the organisation.

The Chief Executive has mechanisms in place to monitor the progress of matters contained within the performance agreement between the organisation and the Director-General of the NSW Department of Health and to regularly review performance against agreements between the Chief Executive and senior management of the organisation.

#### Financial management responsibilities

The Chief Executive is responsible for ensuring that the organisation complies with the NSW Health Accounts and Audit Determination and the annual Department of Health budget allocation advice.

The Chief Executive has established a Finance and Performance Committee to assist 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 and Performance Committee is chaired by the Chief Executive and comprises:

- Director of Governance, Risk and Medical Administration;
- Director of Clinical Operations;
- Director of Finance and Corporate Services;
- Director of Community Relations and Marketing;
- Director of Research;
- Director of Nursing;
- Director of Workforce Development; and
- Chief Information Officer.

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

The Finance and Performance 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.

Letters to management from the Auditor-General, Minister for Health, and the NSW Department of Health relating to significant financial and performance matters are also tabled at the Finance and Performance Committee.

#### *Integrity of financial and performance reporting*

The Chief Executive is also responsible for ensuring that the financial and performance reports submitted to the Finance and Performance Committee and the Department 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 & Performance Committee and the Department 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 Department 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 and Performance Committee of the organisation.
- Information reported in the Department 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 comply with Department of Health requirements.
- Write-off of debtors have been approved by duly authorised delegated officers.
- The organisation's General Fund has not exceeded the Department of Health approved net cost of services allocation by a material amount.
- The organisation has implemented strategies to ensure its liabilities are fully funded through the Department of Health and is in continual dialogue with the Department of Health on these matters.
- The Director of Finance and Corporate Services is responsible for ensuring the internal liquidity management controls and practices of the organisation comply with Department of Health requirements and regularly meets with the Department of Health on any liquidity management issues that arise during the financial year.
- The Internal Auditor has reviewed the above during the financial year.

### **Maintain high standards of professional and ethical conduct**

The organisation 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 Chief Executive 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 a principal officer, has reported all 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 report to the Department of Health on any cases with serious NSW Health wide implications, that is where they involve innovative (not encountered previously) corrupt conduct that should be brought to the attention of other health organisations.

### **Involve stakeholders in decisions that affect them**

The Chief Executive is responsible for ensuring that the rights and interests of its key stakeholders are incorporated into the plans of the organisation and that they are provided access to balanced and understandable information about the organisation and its proposals.

The organisation has a comprehensive consumer participation program. The peak consumer advisory committee for the organisation is the Family Advisory Council. The Family Advisory Council discusses key organisational policies, plans and initiatives and provides valuable input into all of these. A number of consumers and community representatives are also on other committees and working groups across the organisation.

Information on the key policies, plans and initiatives of the organisation and information on how to participate in their development are available to staff on the organisation's intranet. Key information such as the Code of Conduct, Statement of Business Ethics, Fraud Control, Reporting Suspected Fraud or Unethical Behaviour and Annual Report are also available to the public on the organisation's website.

## Establish sound audit and risk management practices

### Roles and responsibilities in relation to audit and risk management

The Chief Executive receives and considers all reports of the External and Internal Auditors for the organisation, and, through the Audit and Risk Management Committee, ensures that audit recommendations and recommendations from other related external review bodies are implemented.

The Director of Governance, Risk and Medical Administration is responsible for supervising and monitoring risk management by the organisation and its facilities and units. The roles and responsibilities throughout the organisation are specified within the risk management plan for the organisation. The plan covers all known risk areas including:

- (a) Leadership and management.
- (b) Clinical care.
- (c) Health of population.
- (d) Finance (including fraud prevention).
- (e) Information Management.
- (f) Workforce.
- (g) Security and safety.
- (h) Facilities and asset management.
- (i) Emergency and disaster planning.
- (j) Community expectations.

### Audit and Risk Management Committee

The Chief Executive 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 Chief Executive 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 audit, facilitating to the extent practicable, an integrated internal/ external audit process that optimises benefits to the organisation.

The Audit and Risk Management Committee comprises three (3) members, including two (2) persons are not employees of, or contracted to, provide services to the organisation.

The Chairperson of the Audit and Risk Management Committee is Mr Kevin Doyle and is one of the independent members of the committee. The Chairperson of the committee has right of access to the Director-General of the NSW Department Health. The other members of the committee are Mr John Dunlop (independent member) and Dr Antonio Penna (Chief Executive). The Audit and Risk Management Committee met on five (5) occasions during the financial year.

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