



**Northern  
Territory  
Government**

Department of Health  
and Community Services

**Department of Health and Community Services**

# **Corporate Governance Framework**

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## 1. CORPORATE GOVERNANCE DEFINITION FOR DHCS

Good governance is about both achieving desired results and achieving them in the right way. It is also about the processes by which stakeholders articulate their interests, their input is absorbed, decisions are taken and decision-makers are accountable. (*Institute On Governance, Canada*)

### BACKGROUND

It is important to recognise some of the basic differences between the public and private sectors in regard to governance. In particular, the political environment, with its focus on checks and balances and value systems that emphasise issues of ethics and codes of conduct, implies a quite different corporate governance framework to that of the profit/market focused private sector. Whereas corporations focus mainly on shareholder value, the public sector focuses on the implementation of cost-effective programs in accordance with Government legislation and policies. The public sector also focuses on the general community interest as represented by Government and a broad range of other stakeholders.

Within the DHCS context, all management and staff are required to support public sector accountability and review processes undertaken by the Assembly, and its oversight agencies: Auditor-General's Office, Office of the Commissioner for Public Employment, Ombudsman, Health & Community Services Complaints Commissioner; as well as the activities of coordinating departments, such as the Chief Minister's Department, and Treasury.

## 2. FIVE GOVERNANCE PRINCIPLES FOR DHCS

**A) EFFECTIVE LEADERSHIP:** The **CEO's leadership role** in governance is fundamental; an indication of leadership effectiveness is the way in which the organisation as a whole works together under the CEO's leadership. The Executive also has a collective responsibility to provide leadership, communicating coherent governance principles throughout the agency and ensuring the operation of the checks and balances which effective governance demands.

**Executive Leadership Group** has collaborative responsibility for key leadership roles including: strategic direction, performance management; conformance oversight; and development of a comprehensive and formal framework for reporting on agency performance and conformance.

### **Specific functions of the Executive Leadership include:**

- a) **providing a forum for collegiate leadership** of the agency under the authority of the CEO, focusing on governance with operational management issues addressed elsewhere;
- b) **ensuring a strategic plan** is adopted for the agency, including specific goals and objectives and methods and timeframe for comparing actual results with the plan;
- c) **embracing** better/more comprehensive **performance management** and agreeing performance measures with agency managers, ensuring continual alignment of the competency profile of the agency to changing business needs;
- d) **monitoring policies** directed to ensuring that the agency complies with relevant legislation and conforms with the highest standards of clinical/professional, financial and ethical behaviour;
- e) ensuring that the agency has **adequate management information systems**, maintains **essential knowledge of business disciplines** and has a **proper control environment** in place (both operational and financial) together with appropriate monitoring of compliance activities, assuring that satisfactory arrangements are in place for auditing the agency's financial affairs and setting out the relationship and responsibilities of internal and external audit and the audit committee;

f) **reviewing its own processes and effectiveness**, and adjusting the plans, processes, as well as the balance of skills and experience required to obtain continuous improvement.

**B) CAPABLE MANAGEMENT** includes setting in place the broad principles under which the agency operates, including setting clear objectives and an appropriate ethical framework operating in the public interest; establishing due process; defining the duty of care to the agency's client group; providing for transparency and clear lines of responsibility and accountability; implementing sound business planning; integrating business risk management throughout the agency; having the right people and the right skills for the job; having sound communication, both internal and external; establishing clear boundaries for acceptable behaviour; evaluating performance; and recognising individual and group contributions.

**Executive Action:** Implement management structures within their divisions that deliver services effectively and efficiently, have clear/transparent lines of responsibility and accountability, staffed with competent staff

**C) DILIGENT MONITORING** of risks, and the effectiveness of mitigation strategies, should include processes to assess the delivery of outputs and quality of control systems over time enabling the identification of corrective actions for continuous improvement. Systems operating in a changing environment require close monitoring. Quality assurance, benchmarking and other continuous improvement tools are to be used as part of the monitoring process, which is more effective occurring in the course of normal operations, rather than focusing on detection of problems after they have occurred.

**Executive Action:** Comprehensively review performance information (monthly management reports, quarterly outputs, business plan progress, sentential events, critical incidents etc.), identify areas of concern and initiate corrective intervention

**D) RESPONSIBLE RISK MANAGEMENT** establishes processes for identifying, analysing and mitigating risks that could prevent the agency from achieving its business objectives. It includes: clarifying the links between risks/returns and resource priorities; monitoring and control activities; and, specific risk management plans covering all services to clients as well as organisational and administrative support systems (information technology, management information systems, contracting out and outsourcing, performance management, professional development, client surveys, accounts reconciliation, approvals and segregation of duties, etc).

**Executive Action:** Develop strategic and operational risk management plans identifying key risks and integrating risk monitoring/mitigation strategies through the organisation

**E) CLEAR ACCOUNTABILITY AND RESPONSIBILITY** in the NTPS, is primarily through the CEO to the responsible Minister and to the Assembly. To improve accountability agencies should enhance transparency and endeavour to reduce or eliminate: unclear lines of authority or too many layers of authority; too many, or too complex reporting mechanisms; multiple/conflicting objectives, including policy or legal requirements with no direct connection to program objectives; the tension between central control and devolution; lack of clear-cut concepts of success or failure; and constraints on applying positive or negative sanctions. Under NTPS governance principles responsible officers are required to sign-off that they have discharged their responsibilities to an agreed standard.

**Executive Action:** Performance reports provided to Minister throughout the year and annually to the Legislative Assembly and other stakeholders

### **3. GOVERNANCE ROLES FOR DHCS**

#### **A) CLINICAL / PROFESSIONAL GOVERNANCE**

Executive and Senior Management accept that they have a key responsibility for the quality of services delivered by DHCS and that accountability for this is shared with clinicians and other professionals providing services. The Executive and managers at all levels ensure that:

- an environment fostering safety, quality and continuous improvement operates across DHCS;
- critical incidents are monitored, effective responses are developed to address these and regular reports on quality are provided to managers;
- the risk of deficiencies in service quality are identified and unacceptable risks are effectively addressed;
- independent accreditation/certification is sought where appropriate; and
- DHCS works collaboratively with staff and all stakeholders to improve safety and quality.

#### **B) CHIEF EXECUTIVE OFFICER**

As accountable officer pursuant to the Public Service Employment and Management Act, is responsible for making sure that the Department is open to scrutiny and accountable to Government and all stakeholders through:

- meaningful communication and consultation with stakeholders; provision of complete, timely, and transparent information; developing well-defined lines of authority, responsibility, and accountability
- designing the organisation for effective service delivery, exercise of authority and control, and clear lines of communication and accountability

#### **C) EXECUTIVE GROUP COLLECTIVELY** - leading and directing the organisation to achieve its goals through:

- developing/communicating: vision, strategy, policy, codes of conduct
- planning, prioritising, allocating resources, setting/monitoring key performance indicators
- developing the organisation, its culture, values and its capacity to effectively, efficiently and ethically apply resources to achieve organisational objectives

**EXECUTIVES** individually – are responsible for the management of their respective Divisions for:

- delivery of key strategic outcomes within allocated resources
- ensuring compliance with statutory , NTPS and corporate requirements

#### **D) MANAGERS / SUPERVISORS** – delivering required outputs, enhancing governance and productivity through: effective allocation of roles and responsibilities; delegating authority; monitoring performance; communicating clear: performance targets, standards, procedures, guidelines; integrating risk management throughout DHCS; and recruiting, developing, supporting and retaining a capable workforce

#### **E) AUDIT COMMITTEE** - assists the CEO in the achievement of the Department's vision and mission with specific reference to governance, risk management and audit

- monitor strategic risk management and the adequacy of the internal controls established to manage identified risks;
- monitor the adequacy of the Department's internal control environment and review the adequacy of policies, practices and procedures in relation to their contribution to, and impact on, the Department's internal control environment;
- oversee the internal audit function including development of audit programs and monitoring of audit outcomes and the implementation of recommendations;

- review financial statements and other public accountability documents (such as annual reports) prior to their approval by the CEO;
- assess the state of organisational governance in the Department and recommend strategies for improvement;
- liaise with external auditors regarding audits conducted and respective audit plans; and
- within the context of the Committee's primary role, undertake any other functions determined from time to time by the CEO

**KEY DEPARTMENTAL COMMITTEES THAT HAVE ADVISORY AND DECISION MAKING RESPONSIBILITIES AS PART OF DHCS' GOVERNANCE FRAMEWORK:**

**F) RESOURCE MANAGEMENT COMMITTEE**

Sponsor – Assistant Secretary Strategic Policy and Finance

- ensure forward estimates of resources available to the department link health strategies and government priorities to the operating and capital resources available
- ensure the impact on key deliverables and priorities is understood by Treasury in linking its requirements and the Department budget
- ensure agreements and partnerships and other obligations are reflected in Budget and performance commitments
- provide guidance and advice on the use, maintenance and replacement of capital assets to enhance service delivery and operational effectiveness
- endorse internal budget planning guidelines, calendars and processes that enable the department to consider its operational deliverables, resources allocations and impacts on its performance in the light of limited funding and within a tight Treasury timetable
- receive information about resource implications that have gone through all submissions to Cabinet

**G) HUMAN RESOURCE MANAGEMENT / WORKFORCE PLANNING COMMITTEE**

Sponsor – Assistant Secretary Organisation Development and Performance

The Committee will have responsibility for human resource management and workforce planning matters including indigenous employment, equal employment opportunity, industrial relations, the present and future needs of the medical, nursing, aboriginal health worker, and allied health professional workforce, and performance management.

**H) STRATEGIC INFORMATION MANAGEMENT COMMITTEE**

Sponsor – Chief Information Officer

Provide strategic direction regarding information management and technology for the Department of Health and Community Services and performs the following functions:

- set the strategic agenda for the development and use of information technology, communications and information services across the agency
- development and use information to underpin management decision making and planning
- provide direction in relation to the Agency's:
  - (a) involvement in national information committees and health information projects;
  - (b) requirements in relation to whole of government initiatives; and
  - (c) development of information policies and procedures
- on a quarterly basis, review the provision of services by the Strategic Information Services Group.

**All of the above sponsors are also members of the Executive and will be responsible for providing quarterly reports to the Executive on developments/initiatives and issues.**