

Professional, accountable boards

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DHHS

Why professional accountable boards?

DHHS initial research focus was on 'high performing boards'

If this could be identified, it could be replicated

Found no jurisdiction worldwide had really been able to answer what a 'high performing' board was

Professional, accountable boards

DHHS sought board input:

DHHS looked at its own role within the devolved governance system and spoke with boards directly about how best assist etc

Feedback was clear – DHHS expectations and director roles and responsibilities hadn't been clearly communicated; there were clear gaps in policy and processes leading to inconsistencies across the sector, and training was a key need.

Health Service Governance (HSG): Responsibilities

Health Service Governance (HSG) role:

Responsible for health board governance at DHHS

Undertake both the annual and on-demand (casual) board appointments processes for public health services and public hospitals, including some delegate appointments

Also review and progress resignations, removals, and, importantly, building board capability.

Health Service Governance (HSG): Responsibilities cont.

HSG also provide general governance advice and support for the sector and DHHS.

This advice includes compliance, conflicts of interest broadly, and various issues arising pursuant to key acts (e.g. Health Services Act 1988 (Vic)).

Also responsible for education and development of training and resources to improve board capability including:

- » Supporting committees such as BMAC, the Council of Board Chairs and Building Board Capability Advisory Committee
- » Developing board capability supports – Toolkit delivery and Director training

Board capability tools

A key board capability support recently released is *The Director's Toolkit*.

The development of the Toolkit is in recognition of the need for a stronger emphasis on public sector health governance and enhancing the support tools available to directors of health services.

Recent reports such as the 'Targeting Zero' review of quality and safety in the Victorian public health service have highlighted the need for greater oversight of clinical care systems across the state in the delivery of high quality, safe, person-centred care.

The Director's toolkit

The DHHS Directors Toolkit has been developed to assist health board directors and other interested parties to better understand the role of directors of health boards and the operating environment of the public sector health service entities they govern

By understanding the environment and the pressures the health service and its management face, the board can assure itself that the material risks are being identified and, most importantly, being managed. Such an approach enables the board to exercise its responsibilities in an active rather than a reactive manner and minimises 'surprises'.

The board should be alert to the red flags or risk indicators that may impact the organisation's performance.

The Director's Toolkit

In preparing this Toolkit, and in recognition that no jurisdiction has been able to identify what constitutes a high performing board, DHHS, in its stewardship role, has not attempted to establish a model or pattern for the optimum composition and conduct of a health service board and instead has provided insight and guidance as a practical resource for health service directors.

The Director's Toolkit

The Toolkit contains advice including:

- the health sector and Victoria's governance model;
- clinical governance
- directors duties (statutory and fiduciary)
- board renewal
- strategy and risk
- the CEO
- organisational culture and leadership
- finance and data

What do DHHS consider the core functions of boards?

The board of directors is held to be ultimately responsible for virtually every aspect of the health service's activities. However, it is impractical and undesirable for a board to attempt to supervise minutia associated with the health service's operation.

Good corporate governance requires a balance between compliance (with codes, regulations and standards) and oversight of operational and financial performance.

The core purpose of good governance in health services is ensuring the delivery of high quality, safe and effective person-centred care.

Directors responsibilities

Responsibilities of Directors arise from multiple sources.

- Legislation such as the **Health Services Act 1988** and Financial Management Act
- Common law duties
- Codes of Conduct (VPSC)
- Principles of good governance

Health Services Act 1988

- Establishes health services and public hospitals as legal entities, and establishes their boards
- Creates and defines the limits of the regulatory framework within which health care agencies and the Department must work
- Establishes a range of objectives including quality, accessibility, efficiency and accountability of agencies to the public

Health Services Act 1988 - what changed on 1 April 2018?

The *Health Legislation Amendment (Quality and Safety) Act 2017* was introduced by the Victorian Government in response to the Targeting Zero review recommendations.

Four health service Acts have now been amended to ensure a uniform standard of patient care and safety across public hospitals, private hospitals and cosmetic surgery facilities – the *Health Services Act 1988*, the *Ambulance Services Act 1986*, the *Mental Health Act 2014* and the *Public Health and Wellbeing Act 2008*.

The amendments now strengthen the powers of the Health Minister and the Department Secretary and provide more clarity around governance.

Health Services Act 1988 - what changed on 1 April 2018?

Key changes include:

Quality and safety now triggers certain existing powers of the Secretary and the Minister

The current intervention powers of the Secretary (to commission audits, issue directions, recommend amalgamation) and the Minister (to appoint an administrator, censure, suspend admissions or close a public hospital) can be exercised to ensure that the services being provided are safe, appropriate and patient-centred. In other words, issues of quality and safety (and continuous improvement) can trigger the existing intervention powers.

Health Services Act 1988 - what changed on 1 April 2018?

Key changes include:

The Minister may appoint the chair of the board. So, while the chair of the board will still be elected in the usual way the Minister has the power to overturn the decision, or elect directly if a chair cannot be elected in the usual way.

The **tenure limitation** of nine years already in place now applies to all directors, unless the Minister makes an exception.

Board and CEO functions are now consistent with those of a public health service board and CEO, including performance monitoring (and at least one formal performance assessment per financial year) of the CEO by the board.

Role of Board – Compliance and Risk

The board is responsible for ensuring the organisation's legal and regulatory compliance

The board is also responsible for determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems.

Risk management is the culture, processes and structures that are directed towards taking advantage of potential opportunities while managing potential adverse effects.

Risk management should be designed to:

- identify, assess, monitor and manage risk
- identify material changes to the organisation's risk profile.

Role of Board – Compliance and Risk

Risk management should:

- identify, assess, monitor and manage risk and
- identify material changes to the organisation's risk profile.

Do you know what the key risks of your organisation are? What are our real business risks? Do we really understand their potential impact? What can “stop the show”? What valuable business opportunities could we better exploit?

Q. Has your organisation done a risk assessment/s?

Q. Is there a plan?

Q. How adequate are the strategies/controls?

Q. Do you receive regular updates (e.g. quarterly)?

Responsibilities – director's duties

- Fiduciary duty
- Duty to exercise sound judgment
- Act in good faith and for a proper purpose
- Not to take advantage
- Not misuse information
- Exercise due care and skill
- Ensure solvency
- Declare and manage actual and perceived conflicts of interest

Responsibilities – Code of Conduct

A director of a Board of a Victorian public entity must:

Act with integrity and honesty

Act in good faith in the best interests of the public entity

Act fairly and impartially

Use information appropriately

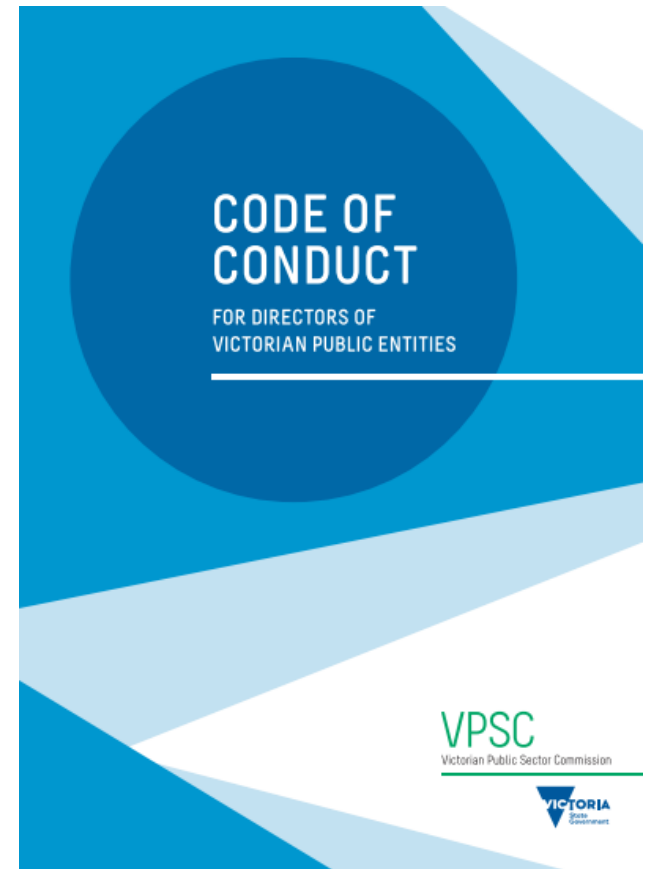
Use their position appropriately

Act in a financially responsible manner

Exercise due care diligence and skill

Comply with existing legislation

Demonstrate leadership and stewardship



HSG current priorities

BMAC and 2018 appointments process

- In 2017, BMAC was involved in reviewing every public health service and hospital board composition and skills balance, as well as providing their board appointment recommendations to HSG and Minister.
- The 2018 board appointments process kicked off in October 2017 with board positions advertised (for those terms expiring on 30 June 2018).
- Public hospital appointment recommendations are well progressed.
- Public health service recommendations are ongoing with HSG working with BMAC and public health service chairs on finalising recommendations for board appointments.

A snapshot – What's currently keeping us busy

Board capability

- The Director's Toolkit launched in March this year.
- Clinical governance training is anticipated to commence in June. This will be facilitated by KPMG with support from Safer Care Victoria.
- Induction training for board directors will be provided post the finalisation of appointments to facilitate new director attendance. KPMG will facilitate.
- Both training topics will be run in short sessions across approximately 17 Victorian locations, similar to 2017.

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A six point plan...

Recalling the Original Question:

What makes a professional, accountable board?

And the answer:

We don't really know the specific ingredient / treatment and dose.

Reframing the question:

What can boards do to support development of professional accountable practice?

Leading to the six point plan...

Actions to consider; 1-3

1. Engage with the Health Service Governance Unit
 - Informally: via emails, calls, questions and advice
 - Formally: training and education sessions
2. Engage with DHHS performance leads and executives (Rural and Regional Health Branch; Metro Performance; Operations divisions)
3. Have the Toolkit (and fact sheets) at hand and accessible
 - For board members
 - For health service executives and leaders
 - Community members

Actions to consider; 4-6

4. Be aware of responsibilities

- Legislation / codes/ principles
- Discuss regularly

5. Focus on Governance and Risk AND Opportunities

- Using board member diverse skills on being person centred and growth

6. Engage with Administration Offices directly

- Safer Care Victoria
- The Victorian Agency for Health Information
- The Victorian Health and Human Services Building Authority

Key resources

- *Health Services Act 1988* (Vic)
- DHHS website: <https://www2.health.vic.gov.au/>
- Health service boards and governance: <https://www2.health.vic.gov.au/hospitals-and-health-services/boards-and-governance>
- DHHS Directors Toolkit: <https://www2.health.vic.gov.au/about/publications/policiesandguidelines/dhhs-directors-toolkit>
- DHHS Strategic Plan: <https://dhhs.vic.gov.au/publications/department-health-and-human-services-strategic-plan>
- Health 2040: <https://www2.health.vic.gov.au/about/publications/policiesandguidelines/Health-2040-advancing-health-access-and-care>
- *Targeting Zero* review and report: <https://www.dhhs.vic.gov.au/publications/targeting-zero-review-hospital-safety-and-quality-assurance-victoria>