



Appendix one – Response from agency



Ms Margaret Crawford
NSW Auditor-General
Audit Office of NSW
GPO Box 12
SYDNEY NSW 2001

Our ref H19/21809

Dear Ms Crawford

Performance Audit report on Governance of Local Health Districts

Thank you for inviting NSW Health to provide comment on the recommendations made in the final performance audit report on Governance of Local Health Districts.

The recommendations made in the report are welcomed. NSW Health operates within a complex governance and performance framework, established through a layering of legislation, policy and practice. This framework is continually evolving and the recommendations presented align with our commitment to the continuous improvement of the NSW Health System. Within this context, please find attached a table detailing NSW Health's response to each individual recommendation.

I would also like to specifically address the following observations made in the report:

The role of the Ministry of Health in overseeing patient access to critical services
In its capacity as the System Manager, the Ministry of Health monitors the performance of Local Health Districts to ensure the accessibility and high performance of services. A defined escalation process is in place which is designed to maintain management of significant patient flow issues impacting Local Health Districts. The escalation process allows for, in the first instance, local resolution of patient flow issues and an avenue to escalate to the Ministry to allow for a coordinated system response when required. This process facilitates greater collaboration between NSW Health Organisations and is driven by a commitment to patient safety and care. Success of the escalation pathway is demonstrated in the significant improvements in releasing ambulance resources from emergency departments. The escalation process has improved the time taken to transfer patients from paramedics to emergency department staff, leading to a demonstrated saving of 130 paramedic hours per day since 2014-15 and ensures quicker access for patients to emergency care.

The implementation of the Leading Better Value Care program
The report highlights NSW Health's Leading Better Value Care program and offers observations regarding the perceived boundaries between the roles of the Ministry of Health and the Local Health Districts in its implementation which need to be clarified. This program is one of the ways in which NSW Health is moving towards value based healthcare, taking a state-wide approach to designing, implementing and embedding clinically led evidence-based and patient-centred models of care. As part of this, the Ministry of Health provides a vision and framework within which Local Health Districts and Specialty Health Networks plan and implement approaches according to local circumstances. In its role as the System Manager, the Ministry of

NSW Ministry of Health
ABN 92 697 899 630
73 Miller St North Sydney NSW 2060
Locked Mail Bag 961 North Sydney NSW 2059
Tel. (02) 9391 9000 Fax. (02) 9391 9101
Website. www.health.nsw.gov.au

Health facilitates the sharing of successful models in order to refocus activity to improve outcomes for patients and does not seek to impose models of care at the local level.

Enhancing our engagement with Clinicians

Engagement with clinicians and our highly skilled professional staff is essential to the overall success of our Health System. The report finds that work remains to be done on enhancing our approach to engagement and this observation is accepted within context of guiding the continuous improvement of our governance framework. I would highlight the work being undertaken within the Tunning Governance and Accountability project, which is focusing on testing engagement structures and developing a renewed model to drive ongoing improvement in this area.

I appreciate the collaborative approach adopted by your officers in undertaking the audit by engaging and working closely with the Ministry, the Boards and the Local Health Districts in the course of the audit.

Yours sincerely



Elizabeth Koff
Secretary, NSW Health

10/4/19

No.	Audit Recommendation	Response	Comment
1	By December 2019, the Ministry of Health should:		
1a	Work with Local Health Districts to identify and overcome the barriers that are limiting the appropriate engagement of clinicians in decision making in Local Health Districts.	Accepted	The Ministry of Health is currently implementing the Tuning Governance and Accountability project, with the objective of engaging Local Health Districts and other NSW Health Organisations in identifying and strengthening core areas of governance. The topic of effective engagement with clinicians is highlighted in the project as the next topic area for delivery.
1b	Develop a statement of principles to guide decision making in a devolved system.	Accepted	As for 1a, the Tuning Governance and Accountability project will also be seeking to define a core set of governance principles for application across the NSW Health System, complementing the existing resources currently available to all NSW Health Organisations.
1c	Provide clarity on the relationship of the Agency for Clinical Innovation and the Clinical Excellence Commission to the roles and responsibilities of Local Health Districts.	Accepted	As for 1a and 1b, the Tuning Governance and Accountability project is currently focused on clarifying the roles of NSW Health Organisations, Executive and Boards and the relationships they share in delivering high performing services to patients.
2	By June 2020, Local Health District Boards, supported where appropriate by the Ministry of Health, should address the findings of this performance audit to ensure that local practices and processes support good governance, including:		
2a	Providing timely and consistent induction; training; and reviews of Boards, members and charters.	Accepted	In addition to clarifying the role of Boards in 1a, 1b and 1c, a renewed Board orientation program and complimentary resources for all Board members are currently being developed and will be implemented within the specified timeframe.
2b	Ensuring that each Board's governance and oversight of Service Agreements is consistent with their legislative functions.	Accepted	The role of Local Health District Boards in reviewing Service Agreement content and their accountabilities with regard to oversight of performance will be considered as part of the regular review of the NSW Health Performance Framework and the delivery of the objectives of the Tuning Governance and Accountability project.
2c	Improving the use of performance information to support decision making by Boards and executive managers.	Accepted	The Ministry is currently piloting a performance dashboard for Local Health District Boards with the objective of strengthening the use of performance data to inform oversight of activity. This recommendation will be considered as part of the review of the outcomes of the pilot program before progressing to full implementation.

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3	By June 2020, the Ministry of Health should improve accountability and oversight mechanisms by:		
3a	Revising the NSW Health Performance Framework to ensure it is cohesive, clear and comprehensive.	Accepted	The Ministry of Health regularly reviews the application of the NSW Health Performance Framework to ensure that it continues to drive safety and quality outcomes, aligns with the purchasing model and provides a robust, transparent and supportive framework for the delivery of services. The points raised will be included as part of this review process.
3b	Clarifying processes and decision making for managing performance concerns.	Accepted	As for 3a.
3c	Developing a mechanism to adequately hold LHDs accountable for non-service activity functions.	Accepted	The Ministry of Health will consider opportunities to identify and define additional non-service functions for oversight, with the recognition that variation currently exists within the NSW Health Performance Framework in order to ensure local services can be tailored to meet local demands.
3d	Reconciling performance monitoring and intervention with the policy intent of devolution.	Accepted	As for 3a.