

# Financial governance of healthcare networks and the Ombudsman's report

*Mr Sam Costanzo Executive  
Director – Finance, Northern  
Health*

# Procurement Guidelines for Victorian Public Hospitals and Health Services

- The Victorian Government's policy statement October 2000 on openness and probity in Victorian Government contracts states that “all major public sector agencies and government business enterprises will be required to produce a statement on the processes they have adopted to deliver standards of probity and contracting at least as high as those required under VGPB guidelines”.

# Openness and Probity in Victorian Government Contracts

The key principles of probity are:

- Fairness and impartiality;
- Use of open, competitive processes;
- Consistency and *transparency* of process;
- Security and confidentiality;
- Identification and resolution of conflicts of interest; and
- Compliance with legislative obligations and government policies.
- Adherence to these principles will ensure that the actions and decisions undertaken when funding or purchasing are defensible in a logical way.

## Conditions of Funding clause 5.9

- All public hospitals are required to have regard to the government's overall disclosure policy and to document their own procurement and disclosure policies accordingly.
- A central contract register should be maintained in all hospitals, and
- To manage risk effectively and efficiently it is recommended that all contracts are checked by a qualified legal practitioner prior to finalisation.

# Purchasing Policy

- A public hospital must comply with each purchasing policy issued pursuant to Section 134 of the Health Services Act 1988 to the extent that it applies to the public hospital.

# Risk management

- “Organisations that manage risk effectively and efficiently are more likely to achieve their objectives and do so at lower overall cost” (AS/NZS 4360).
- As very few risks remain static, risks need to be monitored and assessed regularly to effectively manage, review any changes to risk priorities and to identify new risks. All Victorian Public hospitals should at the minimum annually review probity controls and risk management strategies in the procurement of clinical and non-clinical goods and services.

## Risk management cont.

- All public hospitals are required to maintain a risk register which should also separately identify and include financial risks.
- The risk register is central to the risk management strategy and should at a minimum document and identify each risk, the probability and level of seriousness, consequences, strategies to address the risk, and who is responsible for managing the risk.

## Risk management cont.

- Risk priorities on the risk register should also be assessed regularly, with high risk priorities reviewed at least quarterly (or more frequently and progressively dependant on the risk category and consequences).

# Code of Conduct for the Victorian Public Sector

- Under Section 65S(2)(d)(I) of the Health Services Act public hospitals boards of management are required to *adopt a code of conduct for staff of the public health service.*

## Code of Conduct for the Victorian Public Sector cont.

- The State Services Authority (SSA) has developed Codes of Conduct for the Victorian Public Sector and the Victorian Public Sector Employees of Special Bodies. Public hospitals and health services are advised to adopt a code of conduct for staff of the public health service consistent with, and at a minimum equivalent to, that prescribed in the Code of Conduct for Victorian Public Sector Employees of Special Bodies.

# Code of Conduct for the Victorian Public Sector cont.

- The *Public Administration Act 2004* provides for the Public Sector Standards Commissioner to prepare and issue Codes of Conduct based on the public sector values.
- The purpose of a code is to promote adherence to the public sector values and the Public Sector Standards Commissioner may determine to whom a code applies.
- A code is binding on any person to whom it applies, and contravention of a code is capable of constituting misconduct.

# Code of Conduct for the Victorian Public Sector cont.

- This Code commenced on 1 July 2007.
- This Code applies to and is binding on all public sector employees of special bodies, unless excluded by a specific declaration issued by the Public Sector Standards Commissioner.

# Public sector values

## Responsiveness

- public officials should demonstrate responsiveness by:
  - (i) providing frank, impartial and timely advice to the Government; and
  - (ii) providing high quality services to the Victorian community; and
  - (iii) identifying and promoting best practice.

# Public sector values cont.

## Integrity

- public officials should demonstrate integrity by:
  - (i) being honest, open and transparent in their dealings; and
  - (ii) using powers responsibly; and
  - (iii) reporting improper conduct; and
  - (iv) avoiding any real or apparent conflicts of interest; and
  - (v) striving to earn and sustain public trust of a high level.

# Public sector values cont.

## Impartiality

- public officials should demonstrate impartiality by:

- (i) making decisions and providing advice on merit and without bias, caprice, favouritism or self-interest; and
- (ii) acting fairly by objectively considering all relevant facts and fair criteria; and
- (iii) implementing Government policies and programs equitably.

# Public sector values cont.

## Accountability

- public officials should demonstrate accountability by:
  - (i) working to clear objectives in a transparent manner; and
  - (ii) accepting responsibility for their decisions and actions; and
  - (iii) seeking to achieve best use of resources; and
  - (iv) submitting themselves to appropriate scrutiny.

# Public sector values cont.

## Respect

- public officials should demonstrate respect for colleagues, other public officials and members of the Victorian community by:
  - (i) treating them fairly and objectively; and
  - (ii) ensuring freedom from discrimination, harassment and bullying; and
  - (iii) using their views to improve outcomes on an ongoing basis.

# Public sector values cont.

## Leadership

- public officials should demonstrate leadership by actively implementing, promoting and supporting these values.

## Human Rights

- public officials should respect and promote the human rights set out in the *Charter of Human Rights and Responsibilities* by:
  - (i) making decisions and providing advice consistent with human rights; and
  - (ii) actively implementing, promoting and supporting human rights.

Questions?