

# Western Victoria Primary Health Network Limited

## Board Charter

Approved 31 March 2016



An Australian Government Initiative

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## Review History

Date	Reviewed By (name & position)	Detail of Amendments
Feb 2016	Tony Ficca – Company Secretary	New
Apr 2016	Tony Ficca	Reviewed & updated

## 1.0 Introduction

Western Victoria Primary Health Network Limited (the Company) is a company limited by guarantee. The Corporations Act 2001 sets out our key legal obligations as a company. A variety of other legislation and regulations bind the company in relation to workplace relations, occupational health and safety, information management and financial governance.

Western Victoria PHN is a member of the Victorian Hospitals Industrial Association (VHIA) which provides ongoing advice about workplace relations and has current accreditation with the Quality Improvement Council's Health and Community Standards which incorporates quality standards relating to governance and management.

The Company is governed by a Board of Directors operating under a Constitution (June 2015), which can only be changed through agreement of Members at a general meeting.

The Objects of the company are defined in clause 2.1 of the Constitution.

## 2.0 Purpose of the Charter

This Charter, as permitted in the clause 13.1.1 of the Constitution, sets ethical standards for the Directors of Western Victoria PHN and governs the way in which the Board will work and how Directors will relate to each other. Furthermore the Charter reflects the Board's commitment to the principles of good corporate governance.

## 3.0 Application of the Charter

A Director becomes bound by the provisions contained in this Charter upon their appointment or election to the Board in accordance with clauses 10.2 and 10.3 of the Constitution.

The Charter applies to Directors individually and/or to the Board collectively.

The powers and duties of the Board and the Directors are set out in clause 12 of the Constitution.

## 4.0 Constitution of the Company

- The Charter is to be read subject to the Constitution.
- If there is any inconsistency between the provisions of the Constitution and this Charter, the provisions of the Constitution are to apply to the extent of the inconsistency.
- The Directors are bound by the Constitution and must act in the furtherance of the Objects of the Company.

## 5.0 Director's Duties under the Corporations Act 2001

Directors must at all times comply with their Director's duties as prescribed under the Corporations Act 2001 (Cth). This Charter does not in any way alter a Director's statutory obligations.

## 6.0 Director's Duties

6.1 Each Director of Western Victoria PHN:

- must act honestly, in good faith and in the best interests of the Company as a whole;
- has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- must use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- must not make improper use of information acquired in the course of his or her duties with the Company;
- must not take improper advantage of his or her position;
- must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company;

- should not engage in conduct likely to bring discredit upon the Company;
- has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Charter.

6.2. In addition, each Director:

- must recognise that the primary responsibility of the Directors is to the Company's members as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Company;
- has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board; and
- must keep all information disclosed to them in their capacity as a Board Member confidential and will not use such information for any other purpose than performing their obligations under this Charter.

## **7.0 Duty to comply with funding arrangements & Government policies**

- Under the funding arrangement entered into by Western Victoria PHN, the Directors are responsible for the Company complying with the obligations set out therein to the satisfaction of the Commonwealth or State Government.
- Directors are obligated to ensure they are familiar with any funding arrangement entered into by the Western Victoria PHN and the Commonwealth or State Government, and ensure the Company acts in accordance with and meets its obligations under any funding arrangements entered into by the Company.
- Directors must ensure they make sufficient enquiries when making decisions to allow themselves to understand if decisions are within the Company's authority.
- Directors must be aware of the Government's policies and priorities and of any directions from a Minister that may affect the Company while remaining apolitical in applying those policies or directions.

## **8.0 Breach of the Charter**

- Director obligations in regard to breaches of the Charter will be highlighted in Director Engagement Letters for new Directors.
- If an Elected Director, elected under clause 10.2 of the Constitution, breaches any provision of this Charter, the other Directors may within 30 days of becoming aware that a breach has occurred, give notice to the breaching Director specifying the breach and requiring the breach be rectified within a period of time that is not less than 60 days after such notice is given.
- If an Elected Director chooses not to rectify or is unable to rectify a breach of a provision of this Charter within the period of time specified in a notice given under clause 10.1, a Director may call a meeting of Members in accordance with clause 10.7 of the Constitution, within 90 days after the time frame to rectify the breach has expired and propose that the Members resolve to remove the Elected Director and appoint another person as a replacement.
- If an Appointed Director, appointed under clause 10.3 of the Constitution, breaches any provision of this Charter, the other Directors may within 30 days of becoming aware that a breach has occurred, give notice to the breaching Director specifying the breach and requiring the breach be rectified within a period of time that is not less than 60 days after such notice is given.
- If an Appointed Director chooses not to rectify or is unable to rectify a breach of a provision of this Charter within the period of time specified in a notice given under clause 10.3, the other Directors may by Ordinary Resolution, within 90 days after the time frame to rectify the breach has expired, determine that the defaulting Director is deemed to have retired in accordance with clause 10.5 of the Constitution.

## 9.0 Role of the Board

9.1 The Board of Directors fulfills its governance role through providing appropriate direction both for its own and the Chief Executive Officer's (CEO) functions by:

- Providing leadership and support to the CEO
- Developing, setting and evaluating the Strategic Plan (includes Western Victoria PHN's Vision Statement and key strategic objectives)
- Articulating the values of the organisation and ensuring their promulgation throughout all Board and organisational policies and activities
- Appointing and monitoring the performance of the CEO, delegating to him or her the implementation and reporting of progress against the strategic plan
- Ensuring effective succession plans are in place for the Board and the CEO
- Appointment and, where appropriate, the removal of the Company Secretary
- Ensuring an appropriate reporting and accountability framework is in place
- Monitoring and assessing the structure and performance of Western Victoria PHN's financial and non-financial systems of operation and responding promptly and effectively to business risks and opportunities
- Consider for approval all applications for membership
- Approval of annual budget
- Ensure legislative and regulatory compliance, including compliance with the organisation's purpose
- Ensuring an appropriate risk management framework is in place throughout the organization, and monitoring risk at Board level
- Ensuring the organisation's transparency and accountability to members, the community and other stakeholders
- Appointing the Chair of the Board
- Establishing, supporting and interacting with an Independent Nomination Committee, Community Advisory Committees and Clinical Councils.

9.2 Chief Executive Performance (CEO) Appraisal

Principles underpinning the CEO's performance appraisal:

- The Board will determine the criteria by which the CEO's performance is to be assessed.
- A formal set of Key Performance Indicators that will form the basis for evaluating the CEO's performance, will be developed by the Board in consultation with the CEO, and approved annually by the Board before 1 July.
- Satisfaction with performance is determined by the Board with the assistance of Governance and Remuneration Committee, which will agree the process.

The Board may delegate any of its powers to any person for any period and on any terms (including the power to further delegate) as the Board resolves. This includes delegating any of the Board's powers to a CEO or Committees consisting of Directors, Members or other persons (as the Board sees fit) to act in Australia or elsewhere (clause 13.8 Constitution). If such delegations are made then they will be documented in the Minutes of the relevant Board meeting at which they were made.

## 10.0 Role of Board Committees

The Board may from time to time establish appropriate Committees to assist it in the discharge of its responsibilities and may delegate the exercise of its powers to those Committees. The Board remains accountable for the decisions of the Board committees and;

- Each formally constituted Committee will have a written terms of reference, approved by the Board (see Appendix 1-4)
- Membership of Board Committees will be based on the needs of the Company and the skill and experience of the individual directors and/or officers
- The Board has sole responsibility for the appointment of Directors and officers to Committees.

- The Board expects that, over time, the Directors will rotate between various Committees taking into account the needs of the committees and the experience of the individual Directors
- The role, function, performance and membership of each committee will be reviewed on an annual basis as part of the Board's assessment process
- Permanent Board Committees are:
  - Finance, Audit and Risk Committee
  - Commissioning and Tenders Committee
  - Governance and Remuneration Committee
  - Quality and Safety Committee

## **11.0 Advisory Committees**

- The Directors must establish the following Advisory Committees in accordance with clause 13.9 of the Constitution:
  - an Independent Nominations Committee;
  - Community Advisory Committees and Clinical Councils in each of the four sub-regions.

## **12.0 Director Education/Professional Development**

Western Victoria PHN has a formal process for inducting new Directors about the nature of the business, current issues, the Corporate Strategy and the expectations of the Company concerning performance of Directors. Directors also have the opportunity to visit the Company's facilities and meet with management to gain a better understanding of business operations. Directors are to be informed of and are encouraged to attend relevant forums and seminars in order to develop and enhance their knowledge in the changing environment of business operations.

The costs associated with completing the AICD Company Directors residential program and any other approved subsequent development costs may be met by the Company, subject to budget considerations and Chair approval.

Each Director should apply to the Chair in writing, including a full outline of the program for consideration, and receive approval before attending any professional development or training at the Company's expense.

## **13.0 Directors Code of Conduct**

The Board is committed to the adoption of ethical conduct in all areas of its responsibility and authority. All actions of and decisions by the Board will be guided by the Western Victoria PHN values of: respect, connect and lead.

Directors shall:

- Comply with all Director duties as prescribed in the Corporations Act 2001 and with this Charter
- Manage all information gained in the course of their duties as a director safely and with care and in accordance with the law particularly privacy legislation
- Be diligent, attend Board meetings and devote sufficient time to preparation to allow for full and appropriate participation in Board discussion and decision making
- Observe the confidentiality of non-public information acquired by them in their role as Directors and not disclose to any other person such information that might be harmful to the Organisation
- Review their own performance at regular intervals to ensure that they are making a suitable contribution to Board deliberations and decision making
- Not do anything that in any way harms the public image of Western Victoria PHN
- Discuss any conflict of interest or potential conflict of interest with the work of the PHN with the Chair initially, and declare such interest to the Board.

## 14.0 Board Accountability

The Board is responsible to the Western Victoria PHN Members for actions consistent with the appropriate Organisation's values and vision, and strategic goals. Directors commit to separating the roles of governance and management and maintaining a focus on strategic and policy issues.

The Board will develop and approve the following:

- Strategic Plan which entails setting the goals for the organisation and defining the Company's vision statement, key themes objectives, and key performance indicators
- The Values that the organisation strives to embody in all its dealings internally and externally
- The expectations of the CEO for the achievement of the Strategic Plan and related business plans
- Relevant sub-Committees either as decided by the Board or as detailed in the Constitution

## 15.0 Risk Management Framework

### 15.1 Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has assigned the FAR Committee the role of monitoring and reporting to the Board on the internal control framework that can be described under three headings:

- Effectiveness and efficiency of operations
- Reliability of reporting
- Compliance with applicable laws & regulations
- 

### 15.2 Internal Audit Function

The internal audit function assists the Board in ensuring compliance with these internal controls. The Finance, Audit & Risk (FAR) Committee is responsible for approving the program of internal audit to be conducted each financial year and for the scope of the work to be performed. The internal audit function reports to the FAR Committee.

### 15.3 Business Risk Management

The FAR Committee provides advice to the Board and reports on the status of business risks to the Company through an integrated risk management plan aimed at ensuring risks are identified, assessed and appropriately managed

The risk management process involves ensuring:

- Strategic, operational and financial risks are identified
- The systems are in place to monitor & manage the risks
- Reporting systems are in place
- The risk management systems are operating effectively
- Compliance with relevant legislation
- Compliance with the code of ethical conduct.

A comprehensive insurance program provides protection against major risk exposures that cannot be eliminated by appropriate risk management practices.

## 16.0 Director nomination, election, selection and appointment processes

### 16.1 Board Composition

As stipulated in clause 10 of the Constitution, the Board will comprise of five appointed Directors and four elected Directors.

The Board will utilise an Independent Nomination Committee to recruit Appointed Directors against an approved Board Skills Matrix and the skills of the current Directors, for recommendation to the Board for approval.

- 1) Appointed Directors:
  - The Board will nominate up to five Directors who will hold office for a term of up to three years
- 2) Elected Directors:
  - Are elected by Member vote and approval at the AGM
  - Must be Members of the Company
  - Hold office for a term of three years
  - At the AGM, all Elected Directors subject for re-election in that year must retire but are eligible for re-election. Directors cannot hold office beyond three consecutive 3 year terms (Clause 10.5 Constitution)

## **16.2 Nomination**

- The Board has a Governance and Remuneration sub-Committee, as well an Independent Nomination Committee, which coordinates Director nomination and recruitment
- The Independent Nomination Committee undertakes the recruitment process of Directors, with preferred nominees presented to the Board for consideration and appointed
- Nominations for Elected Director positions are called from the Company's members up to five weeks before an Annual General Meeting (AGM), with the requirements for the nomination stipulated on the nomination form
- Where there are more nominations for positions than Director positions available, an election is held and the notice of election and proxy form must be sent to members at least 21 days before the AGM
- The Board is responsible for appointment of members to fill casual vacancies on the Board that may occur between annual meetings of members

## **16.3 Board Balance**

- The number of Directors must not be less than seven or more than nine unless otherwise determined in accordance with the Constitution.
- The Board will develop and maintain a Board Directors skills matrix, identifying the skill sets required on the Board and the expertise of current Directors (see Appendix 5)
- The Board acknowledges that to fulfil its governance responsibilities its membership must have the necessary breadth and depth of knowledge, skills and expertise.
- The Board also acknowledges the importance of diversity among its Directors including but not limited to: gender, cultural background, professional and other qualifications, family status, age and life experience
- The Board will at its annual performance assessment and when a casual vacancy occurs review the diversity of its membership

## **16.4 Terms of appointment**

- All Elected Directors will hold office for a term of three years.
- At the AGM all Elected Directors subject for re-election in that year must retire but, subject to clause 10.5 of the Constitution, will be eligible for re-election.
- All Appointed Directors who will hold office for a term of up to three years
- A Director must retire from office no later than the ninth AGM of the Company since that Director's first election or appointment, Clause 10.5.1 of the Constitution.

## 17.0 Role of the Chair

### 17.1 Aim

To provide overall leadership to the Board of Western Victoria PHN and represent the organisation as appropriate.

### 17.2 Appointment

As per clause 13.5 of the Constitution, the Board may elect a Director as Chair to chair Board meetings, and may determine the period for which the Chair will hold office.

### 17.3 Role and Responsibility

- Chairing Board meetings
- Ensure the integrity of the Board's governance performance through effective management of the Board's process
- Encourage active participation of all Directors at Board meetings and that individual Directors are given opportunities to present their views and opinions when required
- Ensure Board decisions are implemented
- Provide support and guidance to the CEO
- Be the conduit between Board and CEO
- Manage the performance of the CEO
- Represent Western Victoria PHN to external organisations
- Ensure the views of Members are considered in the priorities, policies and functioning of Western Victoria PHN
- Authorise the Board Agendas
- Prepare Chair's report for Annual Report to the Members
- Initiate succession planning and annual Board appraisals
- Assess and evaluate state and national issues for local relevance
- Support Chairs of subcommittees in their duties

## 18.0 Board Relationships

### 18.1 The relationship between the Board and Western Victoria PHN staff

As a general rule, the Board will communicate to Western Victoria PHN staff through the CEO or Company Secretary, in relation to organisational matters. The Chair, or Chairs of sub-Committees can communicate and deal direct with staff that are subject experts in specific organisational areas, however are required to keep the CEO informed of these dealings.

### 18.2 The relationship between the Board and CEO

The CEO is accountable to the Board for the operation of the Organisation. As a general rule, communications between Directors and the CEO should occur in consultation with the Chair. These relationships are underpinned by mutual trust and openness and Western Victoria PHN's values of respect, connect and lead.

Directors will:

- Be available to provide support and guidance to the CEO as required
- Only issue instructions to the CEO when specifically authorised to do so by the Board or Board Committee.
- Keep the Chair informed of any dealings direct with the CEO.
- Approve a set of delegations for the CEO that are listed in the CEO Delegation Authority Policy and CEO position description. The CEO is accountable to the Board via the Chair, for ensuring this policy is complied with.
- Delegate appropriately to the CEO, in line with the Board approved Delegation Authority:
  - management of Western Victoria PHN
  - responsibility for implementation of the Company's Strategic Plan

- employment, management and performance evaluation of all staff (other than the CEO and appointment of the Company Secretary) employed/contracted to the organisation
- management and performance evaluation of the Company Secretary
- establishment of all operational policies essential for the effective management of the organisation and the taking of all actions necessary to give effect to these policies

## **19.0 Board Processes**

The operations of the Board is governed by the Western Victoria PHN Constitution, as follows:

- meetings as per Board Meeting Calendar which is determined prior to the start of each calendar year
- Directors are required to attend at least 75% of scheduled Board meetings and may be removed from office by resolution of the Board if the minimum attendance is not achieved during any calendar year during their term.
- Clause 13.3 of the Constitution describes the quorum at Board meetings: when there is an even number of Directors a quorum is one half that number; and when there is not an even number, the quorum is one half of the next even number
- Directors are to advise the CEO or Chair of their inability to attend meetings, prior to the scheduled meeting. Apologies are to be recorded in the minutes
- In the event that a Director is unable to fulfil their Director obligations, they are to discuss this with the Chair
- A Director may be removed from office by resolution of the Board, if the Director is absent without permission of the Board for 3 consecutive meetings during any calendar year during their term.
- It is expected that Directors will adequately prepare for all meetings, by reading Agendas and reports, and seeking clarification, if required, from the CEO or Chair
- Decisions are made by general consensus or by a formal vote at the discretion of the Chair

## **20.0 Strategic and Values Planning**

To ensure that Western Victoria PHN implements programs and services that meet the current and emerging needs of Primary Health Care, the Board will initiate Strategic Plan and Organisational Values development and review annually. The Strategic Plan and Values are generally set for a two year period but are evaluated annually by the Board.

A Board strategic planning day normally includes:

- Review of previous plan and values
- CEO presentation of internal and external drivers for change
- Review of organisation's vision statement
- Review of key result areas and strategies

Once the Board agrees the new Strategic Plan and Values, an organisational staff planning day will be initiated by the CEO which:

- Outlines the new Strategic directions and Values
- Assesses how to deliver the Strategy
- Assesses how to work and live with the Values

The Board of Directors monitors the progress against the Strategic Plan via regular updates provided by the CEO.

## **21.0 Board proceedings**

Outlined in clause 13 of the Constitution.

### **21.1 In Camera meetings**

The Board will meet '*In Camera*' to consider a range of issues, such as that may relate to the CEO or Board member whose performance or conduct is under consideration. *In camera* meetings are attended by Board members only. The minutes of 'in camera' meetings will be taken by the Chair and provided to the Company Secretary for recording in official Company registers. Any resolutions made 'In Camera' by the Board, will be carried forward to the Board meeting by the Chair, and recorded in the official minutes of the Board meeting.

### **21.2 Legislative Compliance**

Board members have a responsibility to be aware of and abide by legislation applicable to their role and to the relevant legislation that Western Victoria PHN must adhere to including notification of new and retiring directors to the Australian Charities and Not for Profit Commission (ACNC), and ASIC.

The CEO has a responsibility to report statutory compliance of the Organisation to the Board. The CEO will provide regular updates to the FAR Committee and the Board on Western Victoria PHN's legal compliance.

### **21.3 Declaration of Pecuniary Interests**

Subject to the provisions of the Corporations Law and the Company's Constitution (clause 13.6), the Board is empowered to regulate its meetings and proceedings, including the processes it will apply in instances of a declared, actual or perceived conflict of interest.

A Director's pecuniary interest is to be declared to the Company prior to any meeting dealing with such interest, and the Director is not permitted to vote on a matter in which he/she is so interested.

The Director:

- must absent themselves from discussions about matters to which a perceived conflict of interest exists, unless the Board agree otherwise; and
- must leave the meeting while any vote is taken on a question relating to the matter; and
- may when notified by the Chair that the vote has been declared, return to the meeting.

A Director must not make improper use of information acquired by virtue of that person's position as a Director to gain directly or indirectly any pecuniary advantage for himself or herself or any person, or with intent to cause detriment to the Company irrespective of whether detriment was caused.

### **21.4 Declaration of Conflicts of Interests**

Directors may be personally involved with other activities or stakeholder groups that have dealings with the Company.

The experience and expertise of these directors is invaluable in assisting the Company in its deliberations and decision-making. Such personal and organisational linkages, however, create the potential for actual or perceived conflicts of interest that may not be in contributor's best interest.

The Board recognises that:-

- Inadequate management of actual conflicts of interest may create legal risks for individual Directors and the Board as a whole;
- Inadequate management of perceived conflicts of interest may damage the reputation and effectiveness of individual Directors, the Board and the Company.

## 21.5 Conflict of Interest Policy

Directors must:

- Not allow personal interest, or the interests of any associated person Organisation, to conflict with the interests of the Company;
- Discharge their duties at all times in the best interests of the Company;
- Use the powers of office for a proper purpose at all times;
- Not make improper use of information gained through their position;
- Not take improper advantage of their position as a Director.

In accordance with statutory and common law requirements, each director must:

- Be vigilant in identifying potential conflicts of interest (either actual or perceived);
- Complete annually and submit to the Company Secretary a 'Disclosure Statement By Directors of Western Victoria PHN' form in the format approved by the Board from time to time;
- Bring to the attention of the Board, in a timely manner, actual or perceived conflicts of interest which may exist or which might reasonably be thought to exist, involving themselves or other directors.
- Determine whether they should stay in the meeting or leave the meeting during any consideration of a matter in which they have an actual or perceived conflict of interest. At the direction of the Board, absent themselves from discussion about any matter to which a perceived conflict of interest may arise.
- Leave the meeting while any vote is taken on the matter in which they have an actual or perceived conflict of interest.

If a Director is unsure whether a particular interest is likely to cause a conflict (actual or perceived), he or she must make a full disclosure of the interest and the Board as a whole must vote on whether the Director should absent him or herself from proceedings. In the event of a tied vote, the Chair's decision will be final.

The Chair will:

- Remind all Directors at the commencement of each meeting of the need to declare to the Board any conflict of interest;
- Have a casting vote in the event that the Board is unable to decide whether a Director should absent him or herself from proceedings where there is an actual or perceived conflict of interest.

The Company Secretary will:

- Maintain a file with Director's annual 'Disclosure Statement By Directors of Western Victoria PHN' form, which will be made available on request for inspection by all Directors and the CEO;
- Ensure that any declared conflict is recorded in the minutes of the meeting at which the relevant matter is discussed;
- Ensure that the minutes accurately records the time when a Director exits from and re-enters a meeting for the purposes of managing a conflict of interest;

This policy will ensure that any potential conflicts of interest (actual or perceived) are identified and managed in a manner which:

- Is ethical;
- Complies with Common Law and legislative requirements;
- Promotes effective decision making in the best interest of the Company.
- Protects the reputations of individual Directors, the Board and the Company.

### **21.6 Board papers**

The Agenda and papers for each board meeting including all reports on the activities and performance of the Company are to be circulated to Directors no less than 1 calendar week before the scheduled meeting.

Business of the board, which is not included in the Agenda or for which the papers were late, may be discussed at a Board meeting only with the consent of the Chair and a majority of Directors present.

## **22.0 Board Performance Assessment Process**

The details of the program, specifically the assessment criteria, are to be agreed by the Board on an annual basis, at the commencement of each calendar year. This will ensure that all Directors are familiar with and understand the Board's objectives and performance expectations and are, from the outset, focused on the importance of their collective and individual performances for the Company's success.

### **KEY PRINCIPLES**

The assessment process will incorporate the following principles:

- There will be (at least) a formal annual review of the board's performance
- There will be peer and self-assessment of individual director performance.
- There will be self and peer-assessment of the Chair.
- The data that informs the process will be gathered via structured questionnaires, personal interviews and a review of written documentation.
- The process will be managed and facilitated by an independent specialist.
- The process will be designed to enhance board and individual director performance therefore should be seen in the context of the organisation's overall 'learning' culture.

## **23.0 Induction to the Board**

All new Directors will receive a Board Manual which includes:

- Letter of Engagement, including payment options
- Forms for completion – new Director form, Consent to Police Check, etc
- Contact List
- Constitution
- Board Charter
- Calendar of Events
- Strategic Plan including Values and Vision
- Organisational structure
- CEO Delegation Authority Policy
- Risk Management and Compliance Frameworks
- Insurance & Certificate of Currency
- List of acronyms

Also available to new Directors will be briefings from the CEO and Executives on operational functions of the Company. These briefings will be tailored to the needs of each individual new Director.

## **24.0 Gifts, Gratuities and Political donations**

### **24.1 Political donations**

Western Victoria PHN maintains a position of political impartiality with respect to political parties at all levels. Accordingly it does not make donations to any political parties, politicians or persons standing for public office. Costs may be incurred at the Board's discretion when, in the interest of the Company, Company representatives attend political functions

### **24.2 Gifts and Gratuities**

Any employee or Director who receives a gift through the course of their employment from a supplier or associate of Western Victoria PHN is required to disclose the nature and value of the gift to the CEO/Chair.

The Board is notified when it is the CEO or Chair who is the recipient. If, in the CEO's or Board's opinion, the gift exceeds the boundaries of "acceptable social niceties" the employee or Director may be directed to return the gift. As a rule of thumb, gifts exceeding \$200 can't be accepted by employees or Directors and would need to be returned. Directors who receive gratuities by way of gift, cash or in-kind should disclose the details to the Board.

## **25.0 Remuneration and Reimbursement of expenses incurred by Directors**

Outlined in Clause 11 of the Constitution:

### **25.1 Determination of fees**

The Directors may be paid by way of fees for their services the amounts, if any, determined from time to time by the Company (approved by Members) in general meeting; and, any salary or wage due to the Director or Secretary as an employee of the Company where the terms of employment have been approved by the Board. The Director fees payments will be made quarterly in arrears and may be paid in the form of (both options equal):

- 1) Salary plus superannuation (SCG 9.5%)
- 2) Tax Invoice payment

### **25.2 Additional services rendered**

A Director may be paid a fee in return for any extra services rendered to the Company in a professional or technical capacity, with appropriate disclosure in the Company's annual Statutory Accounts.

### **25.3 Payment for expenses**

Each Director will be reimbursed for approved out-of-pocket expenses reasonably and properly incurred by the Director in connection with Company business (including travel and accommodation expenses). Alternatively, the Company may pay such amounts on the Director's behalf.

## **26.0 Support provided by Western Victoria PHN to Directors**

Western Victoria PHN provides the following:

- Clause 11.4 of the Constitution provides: Directors' and Officers' Liability Insurance. \$20M cover provided. Also provided is Director Personal Accident to 30 June each year.
- Director Induction Manual
- Access to training and development opportunities for directors
- Access to the records of Western Victoria PHN upon request
- External advice on matters relating to Directors duties where this is agreed by the Chair and approved by the Board.

## **27.0 Appendices**

1. Terms of Reference - Finance, Audit and Risk Committee
2. Terms of Reference - Commissioning and Tenders Committee
3. Terms of Reference - Governance and Remuneration Committee
4. Terms of Reference - Quality and Safety Committee
5. Board Skills Matrix Self - Assessment Tool

# Finance, Audit and Risk Committee

## TERMS OF REFERENCE

## APPENDIX 1

### PURPOSE

The Finance, Audit and Risk Committee reports to the Western Victoria Primary Health Network (PHN) Board, with the primary purpose of assisting the Board in fulfilling its corporate governance responsibility in relation to financial management, monitoring of compliance with all legal and audit requirements and developing Risk Management strategies.

### ROLES AND RESPONSIBILITY

- Members will actively contribute to the work of the Committee, including reviewing any papers prior to meetings, representing the views of relevant workplace participants involved in the decision making.
- Other representatives may be co-opted as required, subject to the approval of the Chair.

The Committee develops and monitors reporting templates that cover the three areas of their jurisdiction for reporting to the Board. Specifically, the Committee will also:

#### Financial Management

- advise the Board on the financial position and performance of Western Victoria PHN
- monitor the Company's financial liquidity and current ratio against the Board approved prudent ratio and report any concerns
- review and advise the Board on developed annual Budgets and Annual Plan
- monitor income and expenditure against budget and report to the Board
- ensure that all processes are followed concerning end of year financial responsibilities
- facilitate external auditing of Western Victoria PHN accounts
- review and advise the Board on year end Statutory Financial Statements
- ensure adequate processes are in place for continuation or development of programs
- ensure adequate financial policy & procedures are in place to provide a governance framework for Western Victoria PHN operations
- ensure Western Victoria PHN's surplus funds are invested to maximise returns within the appropriate risk boundaries.

#### Compliance

- provide the Board with an Compliance Strategy
- provide regular advice to the Board as to the efficacy of Western Victoria PHN compliance activities which support the Board's objectives and tasks
- identify keys tools and resources required to implement such activities

#### External Audit

- recommending the appointment, terms of engagement and remuneration of the external auditor
- review the audit representation letters before consideration by the Board, giving particular consideration to matters that relate to non-standard issues
- review with the external auditor, the findings of the audit program
- monitor the integrity of the Company's internal financial controls

#### Internal Audit

The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively. It is the responsibility of the Committee to direct and review the internal audit process approved by the board to ensure it performs this role. This will include:

- developing and reviewing a cyclical internal audit plan responsive to changing circumstances
- reviewing internal audits to identify any organisational weaknesses or opportunities requiring action, and recommending such action

# Finance, Audit and Risk Committee

## TERMS OF REFERENCE

- monitoring the implementation and effectiveness of any changes arising from internal audit
- reporting the results of the internal audit findings and recommendations
- recommending the appointment, terms of engagement and remuneration of the internal auditor

### Risk Management

- provide the Board with a Risk Strategy, including Risk Management Framework and Risk Register
- provide regular advice to the Board as to the efficacy of Western Victoria PHN's Risk processes, control and governance systems which support the Board's objectives and tasks
- ensure new and emerging risks are reviewed and reported to the Board
- ensure the regular review of the appropriateness of mitigating strategies for high and extreme risks are undertaken and reported to Board.
- provide the Board with a Fraud Control Policy, ensuring review of the effectiveness and appropriateness of controls

### CHAIR

The Chair is will be elected at the first meeting after the Annual General Meeting each year.

The Chair, with assistance from the Board Secretary and Director Finance and Corporate Services will:

- Schedule and issue notices of meetings
- Supervise the preparation of agendas and meeting papers and distribute these one week prior to the meeting
- Invite others to attend meetings when required by the committee
- Guide the meeting according to the agenda and time available
- Ensure all discussion items end with a decision, action or definite outcome
- Ensure minutes of the meeting are kept and approve these prior to distribution to the committee
- Minutes will be distributed within 14 working days of the meeting.

### MEETING FREQUENCY

Meetings will be held monthly and will be scheduled to occur a week prior to the monthly Board meeting. If required, additional meetings may be convened.

### REPORTING

The Committee will receive and review monthly Finance reports (Dashboard) which once approved will be reported to Board. The Committee will also receive regularly Compliance and Risk Registers updates and six-monthly these Registers will be reported through to Board.

A calendar will be developed at the first meeting of each calendar year with meeting dates and the committees reporting obligations.

Director Finance and Corporate Services will provide financial information to the Committee on behalf of Western Victoria PHN.

### COMMITTEE MEMBERSHIP

The composition of the Committee will be:

- At least 3 Directors
- Co-opted finance expert
- Chair of the Board is an ex-officio

Invited to attend:

- CEO
- Director Finance and Corporate Services
- Finance Officer/Finance Manager

## **MINUTES AND AGENDA**

A record of meetings will be kept and distributed by email within a week following the meeting. The agenda will be distributed to all meeting participants 1 week prior to meeting.

## **QUORUM**

At a Committee meeting, the number of Directors whose presence is necessary to constitute a quorum is:

- If there is an even number of Directors entitled to attend, one half that number (eg, if there are four Directors scheduled to attend Committee meeting, the quorum is two Directors {50% of 4}); and
- If that number is not an even number, then the quorum is one half of the next even number (eg, if there are five Directors entitled to attend Committee meeting, the quorum is three Directors {50% of 6}).

## **REVIEW**

Committee effectiveness and Terms of Reference will be evaluated annually. When reviewed, the Terms of Reference will be forwarded to the Board of Directors for approval.

# Commissioning and Tenders Committee

## TERMS OF REFERENCE

## APPENDIX 2

### PURPOSE

The Commissioning and Tenders Committee reports to the Western Victoria Primary Health Network (PHN) Board and provides appropriate advice and recommendations on matters relevant to the terms of reference in order to facilitate decision making by the Board in relation to the discharge of its responsibilities.

### ROLES AND RESPONSIBILITY

- Members will actively contribute to the work of the committee- including reviewing any papers prior to meetings, representing the views of relevant workplace participants involved in the decision making.
- Other representatives may be co-opted as required, subject to the approval of the Chair.

The role of the Commissioning and Tenders Committee is to:

- Develop, approve and monitor the Tenders and Commissioning Policy and associated guidelines
- Implement and maintain an effective internal control framework to ensure tender and commissioning activities are completed and authorised in accordance with organisational needs
- Oversee tender and commissioning activity and monitor consistency across Western Victoria PHN
- Ensure tender and commissioning activities aligns to policy and relevant legislation
- Ensure all new tender and commissioning activities are actively critiqued against predetermined criteria, including but not limited to issues of Risk, quality, safety, compliance, OHS and budget.
- Assess new or proposed tender and commissioning activity.
- Develop and implement an organisational strategic approach to tender and commissioning.
- Ensure best value for money.
- Ensure probity and fairness applies to all tender and commissioning activity.

In order to perform its role, the Committee shall:

- Receive updates on tender and commissioning activity
- Review relevant performance indicators
- Ensure tender and commissioning activities at Western Victoria PHN gives consideration to the local community, ensuring compliance with all relevant legislation and guidelines

### CHAIR

The Chair is will be elected at the first meeting after the Annual General Meeting each year.

The Chair, with assistance from the Board Secretary will:

- Schedule and issue notices of meetings
- Supervise the preparation of agendas and meeting papers and distribute these one week prior to the meeting
- Invite others to attend meetings when required by the committee
- Guide the meeting according to the agenda and time available
- Ensure all discussion items end with a decision, action or definite outcome
- Ensure minutes of the meeting are kept and approve these prior to distribution to the committee
- Minutes will be distributed within 14 working days of the meeting.

## **MEETING FREQUENCY**

Meetings will be held on an ad hoc basis but not less than two times per year.

## **REPORTING**

The Commissioning and Tenders Committee will receive reports from the CEO and Executive Team meetings.

The Commissioning and Tenders Committee meeting minutes are provided to the Board.

## **COMMITTEE MEMBERSHIP**

The composition of the Committee will be:

- At least 2 Directors
- Chair of the Board is an ex-officio

Invited to attend:

- CEO
- Director Health Services
- Director Finance and Corporate Services

On request representatives from other organisations may attend meetings in an advisory capacity.

## **MINUTES AND AGENDA**

A record of meetings will be kept and distributed by email within a week following the meeting.

The agenda will be distributed to all meeting participants 1 week prior to meeting.

## **QUORUM**

At a Committee meeting, the number of Directors whose presence is necessary to constitute a quorum is:

- If there is an even number of Directors entitled to attend, one half that number (eg, if there are four Directors scheduled to attend Committee meeting, the quorum is two Directors {50% of 4}; and
- If that number is not an even number, then the quorum is one half of the next even number (eg, if there are five Directors entitled to attend Committee meeting, the quorum is three Directors {50% of 6}).

## **REVIEW**

Committee effectiveness and Terms of Reference will be evaluated annually. When reviewed, the Terms of Reference will be forwarded to the Board of Directors for approval.

## APPENDIX 3

### PURPOSE

The Governance and Remuneration Committee reports to the Western Victoria Primary Health Network (PHN) Board and provides appropriate advice and recommendations on matters relevant to the terms of reference in order to facilitate decision making by the Board in relation to the discharge of its responsibilities.

### ROLES AND RESPONSIBILITY

- Members will actively contribute to the work of the committee- including reviewing any papers prior to meetings, representing the views of relevant workplace participants involved in the decision making.
- Other representatives may be co-opted as required, subject to the approval of the Chair.
- The Committee may seek independent professional nomination, remuneration and governance advice as required. Such advisers should be appropriately qualified and free from conflicts of interest

The role of the Governance and Remuneration Committee is to:

#### Governance Specific Accountabilities

- Leadership role in shaping Western Victoria PHN corporate governance framework
- Oversee the training and development plan for the Board and Directors
- Remain informed about legal and regulatory obligations in the area of governance
- Oversee the process of succession planning to position of chairperson of the Board
- Oversee the evaluation of the Board of Directors and make recommendations to improve Board effectiveness
- Assess, monitor and safeguard the independence of the Board
- Conduct a periodic evaluation of the Board's leadership to assess whether the current structure remains appropriate
- Oversee the effective functioning of the Board
- Review processes for providing information to the Board and assess the reporting channels through which the Board receives information

#### Remuneration Specific Accountabilities

- Recommend to the Board performance goals and objectives and remuneration for the Chief Executive Officer (CEO) and provide support if required on those applying to the CEO
- Recommend remuneration for Board of Directors, to be considered by Members at their AGM each year
- Ensure key performance goals are aligned to Western Victoria PHN strategy
- Ensure appropriate practices are in place to mitigate Risk in relation to remuneration
- Monitor developments in Board remuneration practices in the "not for profit" sector

## **CHAIR**

The Chair is will be elected at the first meeting after the Annual General Meeting each year.

The Chair, with assistance from the Board Secretary and the CEO will:

- Schedule and issue notices of meetings
- Supervise the preparation of agendas and meeting papers and distribute these one week prior to the meeting
- Invite others to attend meetings when required by the committee
- Guide the meeting according to the agenda and time available
- Ensure all discussion items end with a decision, action or definite outcome
- Ensure minutes of the meeting are kept and approve these prior to distribution to the committee
- Minutes will be distributed within 14 working days of the meeting.

## **MEETING FREQUENCY**

Meetings will be held on an ad hoc basis but not less than two times per year.

## **REPORTING**

The Governance and Remuneration Committee will receive reports from the CEO. The Governance and Remuneration Committee meeting minutes are provided to the Board.

## **COMMITTEE MEMBERSHIP**

The composition of the Committee will be:

- At least 3 Directors

Invited to attend:

- CEO

On request representatives from other organisations may attend meetings in an advisory capacity.

## **MINUTES AND AGENDA**

A record of meetings will be kept and distributed by email within a week following the meeting. The agenda will be distributed to all meeting participants 1 week prior to meeting.

## **QUORUM**

At a Committee meeting, the number of Directors whose presence is necessary to constitute a quorum is:

- If there is an even number of Directors entitled to attend, one half that number (eg, if there are four Directors scheduled to attend Committee meeting, the quorum is two Directors {50% of 4}; and
- If that number is not an even number, then the quorum is one half of the next even number (eg, if there are five Directors entitled to attend Committee meeting, the quorum is three Directors {50% of 6}).

## **REVIEW**

Committee effectiveness and Terms of Reference will be evaluated annually. When reviewed, the Terms of Reference will be forwarded to the Board of Directors for approval.

## APPENDIX 4

### PURPOSE

The Quality and Safety Committee reports to the Western Victoria Primary Health Network (PHN) Board and provides appropriate advice and recommendations on matters relevant to the terms of reference in order to facilitate decision making by the Board in relation to the discharge of its responsibilities.

### ROLES AND RESPONSIBILITY

- Members will actively contribute to the work of the Committee, including reviewing any papers prior to meetings, representing the views of relevant workplace participants involved in the decision making.
- Other representatives may be co-opted as required, subject to the approval of the Chair.

The role of the Quality and Safety Committee is to:

- Support a culture of Quality Improvement and safety across all of Western Victorian PHN operations
- Oversee the development, implementation, monitoring and evaluation of the Western Victorian PHN Quality Management Framework and Occupational Health & Safety obligations
- Oversee and report against performance and improvement activities
- Oversee Western Victoria PHN quality and safety improvement projects
- Provide the Board with quality improvement information, supported by qualitative and quantitative information, including those relating to internal audit and the regulatory and legislative Compliance Framework

In order to perform its role, the Committee shall:

- Receive updates on key quality and safety projects
- Review organisational wide relevant performance indicators
- Review complaints and incident data, stakeholder/client satisfaction results and other key quality indicator data
- Receive updates on quality assurance activities such as internal audit.

### CHAIR

The Chair is will be elected at the first meeting after the Annual General Meeting each year.

The Chair, with assistance from the Board Secretary will:

- Schedule and issue notices of meetings
- Supervise the preparation of agendas and meeting papers and distribute these one week prior to the meeting
- Invite others to attend meetings when required by the committee
- Guide the meeting according to the agenda and time available
- Ensure all discussion items end with a decision, action or definite outcome
- Ensure minutes of the meeting are kept and approve these prior to distribution to the committee
- Minutes will be distributed within 14 working days of the meeting.

## **MEETING FREQUENCY**

Meetings will be held quarterly and will be scheduled to occur two week prior to the monthly Board meeting. If required, additional meetings may be convened.

## **REPORTING**

The Quality and Safety Committee will receive reports from the Quality Improvement Committee (QIC) and the Executive Team meetings.

The Quality and Safety Committee meeting minutes are provided to the Board.

## **COMMITTEE MEMBERSHIP**

The composition of the Committee will be:

- At least 3 Directors
- Chair of the Board is an ex-officio

Invited to attend:

- CEO
- Director Health Services
- Quality and Risk Manager

## **MINUTES AND AGENDA**

A record of meetings will be kept and distributed by email within a week following the meeting. The agenda will be distributed to all meeting participants 1 week prior to meeting.

## **QUORUM**

At a Committee meeting, the number of Directors whose presence is necessary to constitute a quorum is:

- If there is an even number of Directors entitled to attend, one half that number (eg, if there are four Directors scheduled to attend Committee meeting, the quorum is two Directors {50% of 4}; and
- If that number is not an even number, then the quorum is one half of the next even number (eg, if there are five Directors entitled to attend Committee meeting, the quorum is three Directors {50% of 6}).

## **REVIEW**

Committee effectiveness and Terms of Reference will be evaluated annually. When reviewed, the Terms of Reference will be forwarded to the Board of Directors for approval.

## Board Skills Matrix Self - Assessment Tool

## APPENDIX 5

### Scoring

- 0 = little or no experience in this area
- 1 = reasonable capability but not an expert
- 2 = considerable capability or expertise

Skills (for the collective Board)	Director Ratings 0 - 2									Total Score
	Dir 1	Dir 2	Dir 3	Dir 4	Dir 5	Dir 6	Dir 7	Dir 8	Dir 9	
1. Current or recent experience in health administration at Board or senior level management or business ownership.										
2. Contemporary corporate governance knowledge and experience as a Director of a significant organisation.										
3. Formal financial and or accounting qualifications at tertiary level with experience and demonstrated success subsequently.										
4. Senior leadership experience in a small to medium business other than health as an owner or CEO.										
5. Experience and demonstrated success in population health policy, planning and / or research										
6. Experience and demonstrated success in identifying, assessing and developing strategy to achieve organisational objectives in complex systems and fragmented environments.										
7. Experience operating in commercial markets with demonstrated expertise in commissioning, tendering and business development.										
8. Experience and demonstrated success in management of information technology and / or data governance.										
9. Experience and demonstrated understanding of risk analysis and monitoring at Board or senior level management.										
10. Knowledge and experience in stakeholder engagement and in developing successful local networks and community partnerships.										

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