

Part 3.1: Corporate Governance



Senior governance committees

The senior governance committees provide advice and recommendations to the Executive to support organisational performance. In August 2016, the Department established the new Data Governance and Analytics Committee to provide oversight and direction for the strategic management and sharing of the Department’s data holdings, analytics and compliance activities. Figure 3.1.1 below shows the Department’s senior governance committee structure.

Figure 3.1.1: Senior governance committee structure

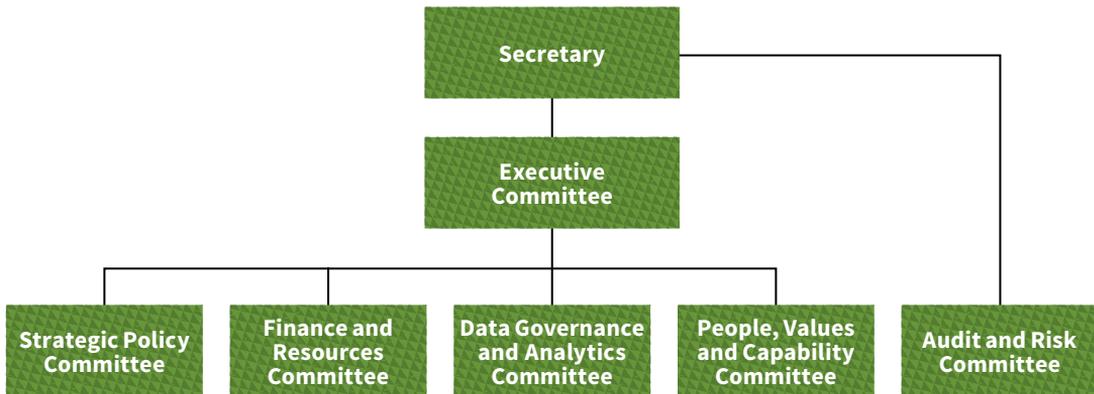


Table 3.1.1: Senior governance committees

Committee	Role
Executive Committee	The Executive Committee provides strategic, whole-of-organisation advice to the Secretary and the Department's leaders to ensure effective decision-making, management and oversight of the Department's operations and performance. It is the key forum to guide cross-portfolio issues in the Department. The Committee met 10 times in 2016-17. Biographies for the Executive members of the Committee are located within <i>Part 1.1: Executive</i> .
Strategic Policy Committee	The Strategic Policy Committee is co-chaired by two Deputy Secretaries with members chosen from the Senior Executive Service (SES). It makes recommendations to the Secretary and Executive Committee on shaping and supporting the strategic policy directions of the organisation, consistent with the Department's <i>Strategic Intent 2016-20</i> . The Committee met 11 times in 2016-17.
Finance and Resources Committee	The Finance and Resources Committee is chaired by a Deputy Secretary with members chosen from the SES. It makes recommendations to the Secretary and the Executive Committee on strategic financial and security (IT, physical and information) management policy initiatives and issues, and advises on the allocation of resources including budget adjustments. The Committee met 11 times in 2016-17.
Data Governance and Analytics Committee	The Data Governance and Analytics Committee is chaired by a Deputy Secretary with members chosen from the SES. It makes recommendations to the Secretary and the Executive Committee on the whole-of-portfolio approach to data capture, use, access, release and analytics that drive data sharing and connection, and better informed health policy. It leads and has oversight of the direction for the strategic management and sharing of the Department's data holdings, analytics and compliance activities. The Committee met seven times in 2016-17.
People, Values and Capability Committee	The People, Values and Capability Committee is chaired by a Deputy Secretary with members chosen from the SES, and a representative of the Australian Public Service Commission. It makes recommendations to the Secretary and the Executive Committee on strategies to embed the Department's values, ensures the Department has the people and capability it needs, that the Department's workforce is sustainable to maintain and increase productivity and efficiency, and support staff health and wellbeing, consistent with the <i>People Strategy 2016-20</i> . The Committee met 11 times in 2016-17.
Audit and Risk Committee	The Audit and Risk Committee membership comprises of an independent external chair, two independent external members and two members chosen from the SES. It provides independent advice and assurance to the Secretary on the appropriateness of the Department's accountability and control framework, including independently verifying and safeguarding the integrity of financial and non-financial performance reporting. The Committee met six times in 2016-17.

Audit and Risk Committee membership

As at 30 June 2017, membership of the Audit and Risk Committee comprised:



Kathleen Conlon – independent external chair

Kathleen Conlon commenced as the Chair of the Department’s Audit and Risk Committee on 3 June 2015. Kathleen is a professional non-executive director, with 20 years’ experience at the Boston Consulting Group (BCG), including seven years as a partner. During her time at BCG, Kathleen led BCG’s Asia Pacific operational effectiveness practice area, health care practice area, and the Sydney office.

Kathleen is a member of Chief Executive Women, and a non-executive Director of the REA Group Limited, Lynas Corporation Limited, Aristocrat Leisure Limited and The Benevolent Society. As a member of these boards, Kathleen currently chairs and serves on a number of committees. She has also previously served on the NSW Better Services and Value Taskforce, and was a senior reviewer for the Department of Communication’s Capability Review.



Jenny Morison – independent external member

Jenny Morison is a Fellow Chartered Accountant of Australia and New Zealand, with 35 years of broad experience in accounting and commerce, including audit, taxation, management consulting, corporate advisory and consulting to Government. Jenny has held numerous board positions, and is one of the longest standing independent members and chair of Audit Committees in the Australian Government. Her experience encompasses both large Departments and smaller entities.

Since 1996, Jenny has run her own business, providing strategic financial management, governance and risk advice within the Government sector. Jenny has a Bachelor of Economics and is a Fellow of the Australian Institute of Management.



Steve Peddle – independent external member

Steve Peddle has more than 20 years senior management experience as a Chief Information Officer (CIO), Chief Technology Officer and General Manager, covering information and communication technology service delivery and senior general management.

Steve has gained experience in private, Government and defence industries in the areas of computer design and engineering, applications development, strategic planning, outsourcing contract management, housing management services, digital broadcast video services, network security and operations service delivery. Steve is currently the CIO for the Australian Maritime Safety Authority.



Penny Shakespeare – internal member

Penny Shakespeare is the First Assistant Secretary of the Department's Pharmaceutical Benefits Division, which works to provide all Australians with access to high quality, affordable and cost-effective medicines and pharmaceutical services. She has worked in the Department since 2006, previously in health workforce, Medicare benefits and private health insurance areas.

Prior to joining the Department, Penny worked as an industrial relations lawyer in the Department of Employment and Workplace Relations, and in regulatory policy roles, including as head of the ACT Office of Industrial Relations.

Penny has a Bachelor of Laws degree and a Masters in International Law, and is admitted as a Barrister and Solicitor of the ACT Supreme Court.



Adjunct Professor John Skerritt – internal member

Adjunct Professor John Skerritt is the Deputy Secretary with responsibility for the Department's Health Products Regulation Group. Refer *Part 1.2: Executive* for Adjunct Professor Skerritt's full profile.

Organisational planning

Organisational planning is fundamental to defining our approach to managing our priorities, resources and funding. Our planning considers the challenges that may prevent success, ensuring strategies are defined to actively manage our work. The plans detailed below support a cascade of key objectives and provide clarity about the Department's strategic direction and performance expectations.

Planning and performance reporting

- **Portfolio Budget Statements** – Government priorities and performance measures.
- **Strategic Intent** – Defines our Vision, our Purpose, our Strategic Priorities and captures our culture and values.
- **Corporate Plan** – Is a four year plan, outlining how we will achieve our Purpose, Strategic Priorities, build organisational capability, manage risk and performance.
- **Business Planning** – Defines our priorities, key initiatives and activities, measures of success, and identified risks, cascading key objectives from group to section.
- **Performance Development Scheme** – Defines performance expectations and development opportunities for individuals.
- **Individual Development Plans** – Identifies immediate development needs against the capabilities of an individual's role.
- **Annual Report** – Informs the performance of entities in relation to activities undertaken.
- **Annual Performance Statements** – Reports against non-financial performance criteria included in Portfolio Budget Statements and Corporate Plans.



Strategic Intent

The Strategic Intent was established in 2015-16. It defines our Vision, Purpose and Strategic Priorities against our six Outcomes. It spans a four year period and is reviewed annually to ensure the Department continues to be aligned with Government priorities.

The Strategic Intent encompasses a 'whole-of-health system' view and sets the direction for our annual Corporate Plan and organisational planning processes.

Corporate Plan

The Corporate Plan is the primary planning document of the Department. It describes the Department's current position, informed by our Strategic Intent, setting our Purpose and the strategies we will pursue to achieve our Vision of better health and wellbeing for all Australians, now and for future generations.

The four year horizon for the Corporate Plan outlines the Department's medium-term direction to deliver on the Government's health, aged care and sport agenda, including detail about significant activities, capability and risks. The Corporate Plan supports the Government's long-term national health plan that:

- guarantees Medicare and the Pharmaceutical Benefits Scheme;
- supports our hospitals;
- prioritises mental and preventive health; and
- invests in medical research.

The Corporate Plan spans four reporting periods and is updated annually.

The Corporate Plan is a central part of the Department's business and risk planning and performance framework, and will support planning activities across the organisation.

The Corporate Plan has been prepared to meet requirements defined in the *Public Governance, Performance and Accountability Rule 2014*.

Risk management

The Department encourages staff to positively engage with risk and to make decisions using a risk-based approach.

During 2016-17, the Department identified 12 Enterprise Level Risks, finalised the Enterprise Risk Appetite Statement, and updated and endorsed a new Risk Management Policy to support our changing environment.

The Risk Management Framework will assist the Department to make well-informed risk-based decisions on all aspects of business, including budget and resource allocation. A key focus in 2017-18 will be to embed the Enterprise Risk Appetite Statement and increase our risk maturity. This will clearly link the key risks associated with our strategic objectives.

In 2017, the Department maintained its 'Integrated' level of maturity against the Comcover Risk Management Benchmarking Survey. The Department has continued to work to increase risk awareness of staff, through both internal and external training, presentations and workshops.

Audit and fraud control

The Department undertook audit and fraud control assurance activities that promoted and supported effective corporate governance. In 2016-17, the monitoring of fraud risk and controls has been strengthened through a specific program of ongoing business engagements. The Department has continued to build a strong fraud and corruption awareness culture, through a long-term strategic educational approach. In addition, a Professional Integrity and Security Framework was developed to support governance controls.

The internal audits that were completed during 2016-17 covered and supported: compliance with the Department's control frameworks for information management and data utilisation; the payment of accounts; personnel management processes; property and lease management; IT system remediation and project delivery; business continuity planning; and the implementation of Commonwealth health programs.

During 2016-17, the Department:

- finalised nine audits from the 2016-17 Internal Audit Work Program. A further seven audits, including one management requested audit, from the 2016-17 Internal Audit Work Program were underway or pending finalisation as at 30 June 2017; and
- received 127 fraud allegations. The Department investigated three of these allegations, while a further 51 were referred to law enforcement or other agencies for review or action. The increase of fraud allegations during 2016-17 were attributable to the Department's *Building a Fraud Awareness Culture Strategy*, newly adopted internal and external facing reporting mechanisms and additional regulatory responsibilities.

Compliance reporting

There have been no significant breaches of finance law by the Department during 2016-17. The Department maintains a risk-based approach to compliance with a combination of self-reporting and focussed review. Any changes to this methodology are reviewed and endorsed by the Audit and Risk Committee. All instances of non-compliance are reported to the Audit and Risk Committee. The Department minimises non-compliance through training and publication of legislation and rules, delegation schedules and Accountable Authority Instructions, which are available to staff to inform decision-making. Any fraud investigations with financial aspects are addressed through the Department's fraud minimisation and control processes.

Certification of departmental fraud control arrangements

I, Glenys Beauchamp, certify that the Department has:

- prepared fraud risk assessments and fraud control plans;
- in place appropriate fraud prevention, detection, investigation, and reporting mechanisms that meet the specific needs of the Department; and
- taken all reasonable measures to appropriately deal with fraud relating to the Department.

Glenys Beauchamp PSM

Secretary

October 2017