



BOARD CHARTER

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Vision:

Great Healthcare Locally

Mission:

To partner with our community so together we achieve excellence in rural healthcare

Values:

Accessibility Dedicated Holistic Compassionate Accountable Respect Excellence Safe

1. Purpose

The Board Charter sets out the authority, role, operation, membership, functions and responsibilities of the Board of Alexandra District Health (ADH). The Board has agreed that this Charter will guide the way the Board and its Directors conduct their governance activities. It is also designed as a guide to the statutory obligations of ADH (summarised in the ADH Bylaws) and is a key resource for the induction and education of new members. The Board Charter is to be reviewed annually by the Board.

2. Organisation

Alexandra District Health is a public hospital¹ delivering a range of acute medical and low complexity surgical services across the Murrindindi Shire together with a wide range of community health and health promotion programs across the Murrindindi East district.

3. Legislative Obligations

The Board of ADH is responsible for the governance activities of the organisation and derives its authority to act from the Health Services Act 1988 (amended February 2017). The conduct of the Board is governed by the Health Service Bylaws (as approved) which may be amended from time-to-time.

There is a significant number of State and Federal legislation with which the organisation must comply. Those which have particular relevance to the governance activities of the Board are:

- Health Services Act 1988
- Health Legislation Amendment (Quality and Safety) Act 2017
- Financial Management Act 1994
- Standing Orders of the Minister of Finance
- Public Administration Act 2004
- Audit Act 1994
- Trustee Act 1984

4. Board of Directors**4.1 Composition and tenure**

The Board of Directors comprises not less than six and not more than twelve members appointed by the Governor in Council on the recommendation of the State Minister of Health pursuant to the Health Services Act 1988.²

Consideration is given to diversity of representation on the Board.

Tenure is limited to a combined term of the Director's initial appointment, any reappointments and any proposed reappointment to a maximum of nine consecutive years, unless the Minister is satisfied that exceptional circumstances exist to justify reappointment.

A Director is able to resign by writing a signed letter to the Governor-in-Council. In practice the letter is addressed to the Minister and submitted to DHHS, which arranges delivery to the Governor-in-Council on behalf of the Minister.

¹ Health Services Act 1988 (amended February 2017), Schedule 1-Public Hospitals, page 375

² Health Services Act 1988 (amended February 2017), Section 33, pages 52 to 56

4.2 *Role*

The Board has a governance role that broadly involves strategic leadership of the organisation, monitoring performance against agreed objectives and ensuring accountability and compliance. Directors of the Board do not participate in the day to day management of the health service, which is the role of the Chief Executive Officer (CEO) and staff.

4.3 *Functions of the Board*

The key functions of the Board include:

- To develop statements of priorities and strategic plans for the operation of ADH and to monitor compliance with those statements and plans.
- To develop financial and business plans, strategies and budgets to ensure the accountable and efficient provision of health services by ADH and the long term viability of ADH.
- To establish and maintain effective systems to ensure that the health services provided meet the needs of the communities served by ADH and that the views of users and providers of health services are taken into account.
- To monitor the performance of ADH to ensure that:
 - (i) ADH operates within its budget
 - (ii) Its audit and accounting systems accurately reflect the financial position and viability of ADH
 - (iii) ADH adheres to:
 - a. Its financial and business plans
 - b. Its strategic plans
 - c. Its statement of priorities
 - (iv) Effective and accountable risk management systems are in place
 - (v) Effective and accountable systems are in place to monitor and improve the quality, safety and effectiveness of health services provided by ADH
 - (vi) Any problems identified with the quality, safety or effectiveness of the health services provided are addressed in a timely manner
 - (vii) ADH continuously strives to improve the quality and safety of the health services it provides and to foster innovation
 - (viii) Any committees established or appointed by the Board operate effectively
- During each financial year, to monitor the performance of the CEO (including at least one formal assessment in relation to that financial year), having regard to the objectives, priorities and key performance outcomes specified in ADH's statement of priorities.
- To endorse the organisational structure, including the management structure, of ADH.
- To enable arrangements with other relevant agencies and service providers to enable effective and efficient service delivery and continuity of care.
- To ensure that the Minister and the Secretary are advised about significant Board decisions and are informed in a timely manner of any issues of public concern or risks that affect or may affect ADH.
- To establish the committees required by the Health Services Act and the By-Laws.
- To facilitate health education.
- To adopt a code of conduct for staff of ADH.
- To provide appropriate training for Directors.
- Any other functions conferred on the Board by or under the Health Services Act³.

The Board in performing its functions must have regard to:

- The needs and views of patients and other users of health services provided by ADH and of the community served by ADH.
- The need to ensure ADH uses its resources in an effective and efficient manner.

³ Health Services Act 1988 (amended February 2017), Section 33, pages 48 to 52

- The need to ensure that resources of the Victorian health sector generally are used effectively and efficiently.

5. Board Governance

5.1 Board meetings

The Board meets monthly (11 times per year), and Directors are expected by virtue of their appointment to attend a minimum of 75% of all Board meetings held.⁴

The CEO convenes the meeting and ensures that meetings are serviced, papers prepared and minutes recorded. The following staff are non-voting attendees at the board meetings:

- Chief Executive Officer
- Director of Corporate Services
- Board Secretary.

As required, other persons may be invited to brief and provide expert advice to the Board on specific issues.

5.2 Board committees

The Board must establish the Committees required by the Health Services Act and the By-Laws and such other committees it considers necessary from time to time to carry out its functions and responsibilities. At the date of this Charter, the Board receives reports from and provides feedback to the following sub-committees:

- Finance Audit and Risk Committee (FAR)
- Quality and Clinical Governance Committee (QCG)
- Medical Appointments Committee (MAC)
- Consumer Engagement Committee (CEC)

5.3 Appointment to Board roles

The appointment of the Board Chair, Deputy Chair and sub-committee Chairs is regulated by the Board and elections to these roles occur at the first meeting following the Annual General Meeting. The Chair shall normally serve no more than three consecutive terms.

The key roles of the Chair, Deputy Chair and sub-committee Chairs are described in Appendix 1.

5.5 Delegations

The Board is responsible for determining what powers and functions can be performed by executive and other staff on behalf of the Board. This is done by an Instrument of Delegation which is reviewed at least annually.

5.4. Collective decision making

All Directors are expected to attend Board and Committee meetings and have a duty to question, request information, raise any issue and cast his/her vote on any resolution according to his/her own decision. However, outside the Boardroom Directors will support the letter and spirit of Board decisions in all discussions. They will keep confidential all Board discussions and deliberations, and documentation.

6. Immunity

A Director of the Board of ADH (as a public hospital) is not personally liable for anything done or omitted to be done in good faith—

- (a) in the exercise of a power or the discharge of a duty under the Act; or
- (b) in the reasonable belief that the act or omission was in the exercise of a power or the discharge of a duty under the Act.

Any liability resulting from an act or omission that would but for sub-section (1) attach to a Director of the Board of ADH attaches instead to ADH.⁵

⁴ Ministerial Letters of Appointment

7. Directors' Code of Conduct

Board Directors shall at all times act and conform with ADH's mission, values and commitments. The behaviour of Directors is directed by the Victorian Public Entity Directors' Code of Conduct 2016, a copy of which is provided to all Directors on appointment and a copy of which is attached as Appendix 2.

8. Pecuniary Interest/Conflict of Interest

In addition to the statutory responsibility to declare a pecuniary interest in any matter coming before the Board, Directors shall also declare any conflict or perceived conflict of interest in any matter coming before the Board.

In this respect a conflict of interest can be actual, potential or perceived. It may relate to circumstances where a Director is or could be directly influenced or where it is perceived the Directors might be influenced. Directors should ensure their personal, financial, business or professional interests do not influence or interfere with the performance of their roles, and should seek to ensure the interests of family members, friends, or associates do not influence or could be perceived to influence their performance. If a Director is unsure about a possible conflict of interest he/she should discuss the matter with the Chair in the first instance.

Where a member has a pecuniary interest or an actual, potential or perceived conflict of interest in a matter to be placed on the agenda of any meeting of Board and disclosure to that Director of information relevant to the agenda item may be prejudicial to the interests of the organisation or the Director (the "conflicted Director") the following procedure will apply:

- (i) The Chair will determine whether in his/her view the Director is a conflicted Director. Where the Chair is the conflicted Director the Deputy Chair, provided he/she is not also a conflicted Director, otherwise another non-conflicted Director will determine whether in his/her view the Director is a conflicted Director.
- (ii) The Director will be advised he/she is a conflicted Director and will not receive notice of the agenda item or information relating to that agenda item and will absent him/herself from discussions relating to that item at the meeting of Directors.
- (iii) The Directors present for discussion of the agenda item where there has been advice that a conflict may exist will confirm whether the absent Director(s) is a conflicted member.

9. Communication with Relevant Parties

9.1 Contact between Board Directors and Staff

A Board Director may contact, or request information relevant to his/her responsibilities from:

- (i) the CEO at any time; and
- (ii) another senior staff member, with the prior approval of the CEO;
- (iii) the information that is provided to one Board Director should be equally available to all other Board Directors and no treatment that is unequal should be sought from any staff member.

9.2 Protocols for external communications by the Board or a Director

The Board has adopted the following protocol:

- The Chair and the CEO may make public statements and issue media releases relevant to the functions, performance or affairs of the Board or of ADH.
- A Director who receives an enquiry about operational, customer relations, legal or other matter must invite the inquirer to contact the CEO and advise the CEO that the enquiry has been made.
- A Director who receives an enquiry about an issue of a political or sensitive nature concerning the activities of ADH must refer the matter to either the Chair or the CEO for attention.

9.3 Advice to the Chair and/or Minister

In situations of emergency and/or of a politically or community sensitive nature the CEO will advise the Chair as soon as practicable about the nature of the situation and steps being

undertaken to address the situation. The Chair may advise the Minister, or request the CEO to do so, if in the Chair's judgement this is warranted.

10. Board Performance and Effectiveness

10.1 Procedures

The Board has a number of procedures to ensure that its collective performance and effectiveness and the contribution of each Director continue to reflect best practice.

10.2 Board Education

Newly appointed Directors are provided with an orientation to the board and the health service by the Chair, Directors and the CEO, inclusive of an information package detailed in Appendix 3. Directors are encouraged to attend health industry training and in-house training appropriate to their role.

10.3 Board Evaluation

The Board evaluates its performance as a Board annually; this may be conducted internally or by an external facilitator/agency as deemed appropriate by the Board. An action plan is developed based upon the results of the evaluation.

10.4. Non-compliance with Board Charter

The Board has resolved that the following protocol should apply where there is a question whether or not a member has failed to comply with the principles and procedures set out in the Charter:

- A Director who considers that another Director has breached this Charter may inform the Chair of the alleged breach.
- A Director who considers that the Chair has breached this Charter may inform the Deputy Chair of the alleged breach.
- The Chair or Deputy Chair must inform the Director of the allegation as soon as possible after it has been made.
- The Chair or Deputy Chair must determine a process for investigating the allegation which will include:
 - (i) inviting the Director against whom the allegation has been made to make written and/or oral submissions in response to the allegation;
 - (ii) consideration of the allegations together with any written or oral submissions;
 - (iv) determining whether the Director has or has not breached any provision of this charter and making a recommendation to the Board.
- At the completion of the process the Board will decide what action should be undertaken as a result of the outcome of the investigation, which in the case of a serious breach may include referring the matter to the police or to the Minister.

11. Review Clause

The Board will review the content and effectiveness of this Charter annually, provided that the Board may amend the Charter if required at any time.

Appendix 1 – Key Roles

Role of the Chair:

The Chair leads the public entity and the Board and manages its principal relationships. The Chair ensures that relevant policies are brought to the attention of Directors of the Board, and ensures the Board performs appropriately in relation to: adherence to its objectives; risk management; accountability to the responsible Minister; performance assessment of Directors; adherence to the Directors' code of conduct for Directors; conflicts of interest policy; gifts policy; and financial accountability.

The Chair's leadership role:

- Builds an effective Board with the necessary skills and capabilities.
- Leads the Directors and develops them as a cohesive and effective team, ensuring interactive participation.
- Assists Directors' understanding of their role, responsibilities and accountability including the need to comply with the Director's Code of Conduct.
- Informs Directors about developments in government policy, priorities and financial reporting.
- Sets the Board's agenda and ensures key issues are discussed and there are no potential conflicts of interest or duty.
- Welcomes new Directors and leads the process for their induction.
- Manages the evaluation of the performance of the CEO and the Board.
- The Chair may be called upon to assist in the resolution of grievances between the CEO and any member of staff in accordance with the processes as set out in the Complaints and Grievance Procedure
- Represents the Board to external parties as an official spokesperson for the entity.

The Chair's role in managing relationships:

- Establishes an effective and constructive working relationship with the CEO.
- Acts as the key liaison point between the Board and senior management of the public entity.
- Informs the Minister about significant issues and events.
- Delivers the ?SOP and annual report to the Minister.
- Actively encourages a strong relationship between the internal audit committee and the Board.

Role of Deputy Chair:

The Deputy Chair assists the Chair and fills in if he or she is unavailable. It is essential that the Chair and Deputy Chair have a good working relationship and understand their roles to ensure that duplication or confused direction does not occur. Consequently the role of Deputy Chair is largely the same as has been described for Chair, but the two people should share that workload as a team.

The role of the Deputy Chair is to:

- Ensure continuity of leadership at all times; the Chair, the Deputy Chair and CEO will communicate on issues and work as a team
- Ensure Board members are advised of executive decisions on important issues at the first opportunity

The Deputy Chair's responsibilities are to:

- Deputise for the Chair in the absence of the Chair or when requested by the Chair or CEO
- Support the Chair in the leadership role
- Perform promotion, public relations and other functions at the request of the Chair or the Board

Role of the CEO:

The Board, together with the Secretary of the Department, appoints and reappoints the CEO and delegates to that position the function of day-to-day administration of the affairs of ADH. In so doing, the Board expects that the CEO will ensure that appropriate mechanisms exist:

- To give the Board and Directors all the information necessary to perform their respective functions

- To develop and maintain an effective organisational structure, which supports individuals/team accountability
- To prepare the organisation's Annual Report
- To prepare the Strategic Plan arising from the deliberations of the Board in determining the organisation's strategic objectives
- To prepare budgets for approval by the Board including development of operating forecasts, expenditures, operational results and financial performance
- To implement capital and operating plans including a Risk Management Plan to support the integrated Strategic and Operational Plan
- To implement the policies, strategies and decisions of the Board and timely reporting processes to ensure that the performance of the organisation can be monitored and reviewed
- To ensure the organisation's compliance with its obligations pursuant to any relevant legislation and regulations made thereunder
- To liaise with and, where appropriate, report to the portfolio Department
- Provide feedback to staff on relevant safety and quality issues.

Appendix 2 – Director’s Code of Conduct

The Victorian Public Entity Directors’ Code of Conduct (2016)⁶ outlines the responsibilities of Directors summarised here:

- **Leadership and Stewardship** – directors promote the public sector values to employees through their exemplary behaviour. They encourage a strong culture of accountability where issues are raised early, Board decisions are implemented quickly and people operate within their delegated authority and cooperate with one another.
- **Complying with Establishing Legislation and Board Policies** – directors comply with legislation, ministerial charter, constitution, terms of reference or other document under which the public entity was established. They also comply with any government policies and priorities or any ministerial directions that affect the public entity.
- **Care, Diligence and Skill** – directors exercise their powers with a reasonable degree of care, diligence and skill. They understand the business of the public entity and the role of the Board. They act responsibly, drawing on any knowledge they possess when considering matters before the Board.
- **Best Interests of the Public Entity** – directors act in good faith in the best interests of the public entity.. They are active members of the Board and professional in all dealings with fellow Directors. Directors do not allow their personal or professional interests or relationships to influence their judgement.
- **Proper Use of Position** – directors use their position to promote the best interests of the public entity. They do not use their position to seek an advantage for themselves or another person or to cause detriment to the public entity.
- **Proper Use of Information** – directors use the information they gain in the course of their Board duties only for its intended purpose. They do not use the information, including privileged information or commercially sensitive information, to obtain an advantage for themselves or another person or to cause detriment to the public entity.
- **Fairness and Impartiality** – directors act fairly and impartially. When participating in Board deliberations and decisions or when resolving disputes between Directors, they behave in a manner that is free of favouritism and self-interest. Directors are courteous to others. They respect human rights and foster a culture that is free of intimidation and bullying.
- **Financial Responsibility** – directors act in a financially responsible manner. They exercise care in relation to public funds and assets and, if applicable, comply with the Standing Directions of the Minister for Finance and rules of the Financial Management Compliance Framework.
- **Honesty and Integrity** – directors act with honesty and integrity. They comply with laws, policies and generally accepted standards of behaviour. They are open and transparent in their dealings. Directors give proper consideration to matters before the Board. They express their views genuinely, clearly and without ambiguity. They disclose the information or considerations they relied upon in coming to their view.

⁶ VPSC Code of Conduct for Directors of Public Entities 2016

Appendix 3 – Induction Pack

Newly appointed members will be briefed on key aspects of the organisation. Each new member will be given an orientation kit comprising:

- Code of Conduct for Directors of Victorian Public Entities⁷
- Department of Health and Human Services Director's Toolkit⁸
- ADH Organisational Chart & Committee Structure
- ADH Bylaws
- ADH Board Charter
- ADH Instrument of Delegations
- ADH Board Committee Terms of Reference (Finance Audit & Risk, Quality & Clinical Governance, Medical Advisory Committee, Consumer Engagement Committee)
- Annual Report
- ADH Strategic Plan
- ADH Clinical Services Plan
- ADH Risk Framework and Register
- Contact details of Board Directors and CEO

⁷ VPSC Code of Conduct for Directors of Public Entities 2016

⁸ DHHS The Director's Toolkit. A Resource for Victorian health service boards 2018