Northern Melbourne Medicare Local
INTEGRATED GOVERNANCE FRAMEWORK
INTRODUCTION

The Northern Melbourne Medicare Local was established in 2011 as part of the Federal Government’s health and hospitals reform.

Medicare Locals operate within an environment in which they are accountable to the State, Commonwealth and their local communities. Transparency and visibility to the community is an important element of engagement and credibility.

The Medicare Local Operational Guidelines (August 2012) detail the expected activities to be undertaken by Medicare Locals, including the establishment of governance arrangements that promote strong linkages between Medicare Locals and local health professionals, local hospital networks and the community to ensure an integrated model of service delivery.

Governance is ‘the system by which organisations are directed, controlled and held to account. It encompasses authority, accountability, stewardship, leadership, direction and control, exercises in the organisation’\(^1\). Governance is the role of the Board. It influences how the objectives and strategy of an organisation are set and achieved, how risk is monitored and assessed, how compliance is achieved and performance is optimised.

Governance can be achieved through a number of interlinked structures and activities that are designed to ensure that managers, clinicians, and those who govern the health services are aware of their roles and responsibilities and have the appropriate structures and processes in place to affect robust governance.

Clinical governance is a systemic approach to maintaining and improving the quality of patient care within a health system. It is the responsibility of the Board, through the Chief Executive Officer, to have effective mechanisms in place for monitoring and managing the quality of clinical care and meeting identified targets for quality.

Traditionally corporate and clinical governance activities have tended to occur in isolation. More recently, there has been an increased recognition of the notion of ‘integrated governance’. Integrated governance is defined as ‘systems, processes and behaviours by which health care organisations lead, direct and control their functions in order to achieve organisational objectives, safety and quality of services and in which they relate to patients and carers, the wider community and partner organisations’.\(^2\)

Within an ‘enabling’ model of service delivery Northern Melbourne Medicare Local works collaboratively to meet the needs of the local community through leveraging the expertise in the community to ensure that people receive the right care, in the right place, at the right time.

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\(^1\) Australian Medicare Local Alliance (2011) “A Clinical Governance Framework for Medicare Locals”.

This document sets out the NMML’s framework of integrated governance by leveraging the corporate, clinical, financial, information and research accountability structures and processes within the NMML to enhance and integrate health services aligning the values and strategic objectives of the NMML.

1. INTEGRATED GOVERNANCE - OVERARCHING FRAMEWORK

The NMML is accountable and responsible for the identification of the population health needs for the local government areas of Banyule, Darebin, Hume, Nillumbik and Whittlesea. NMML applies this information when planning service delivery in the northern region.

As an ‘enabler’ of services developing and implementing the right governance system and processes will ensure the highest quality services and best possible outcomes for our catchment.

The NMML recognises that ‘Good Governance’ is about:

- **Performance** – how governance arrangements are used to contribute to the company’s overall performance and the delivery of goods, services or programmes, and
- **Conformance** – how governance arrangements are used to ensure the company meets the requirements of the law, regulations, standards and community expectations of probity, accountability and openness.  

The NMML Integrated Governance Model underpins the actions and decisions of the organisation and delivers the company objectives.

**NMML Mission**

To improve coordination and integration of primary health care in the northern region, identify local health care needs, address service gaps, and help patients receive more seamless care across sectors of the health care system.

**NMML Vision**

To improve the health status of people living in the north by working collaboratively with all health sectors and the communities we all serve.

**Good Governance Principles**

The six core principles of good governance, as set out in the *Good Governance Standard for Public Service*\(^4\), are:

1. Focusing on the organisation’s purpose and on outcomes for citizens and service users
2. Performing effectively in clearly defined functions and roles

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4 Good Governance Standard for Public Service - Independent Commission on Good Governance in Public Services January 2005
3. Promoting values for the whole organisation and demonstrating the values of good governance through behaviour
4. Taking informed, transparent decisions and managing risk
5. Developing the capacity and capability of the governing body to be effective
6. Engaging stakeholders and making accountability real
The interaction of the 6 principles and the NMML governance activities is outlined in Table 1.

<table>
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<tr>
<th>Key Principle</th>
<th>Practice Indicators</th>
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| Focusing on the organisation’s purpose and on outcomes for citizens and service users | • Being clear about the NMML’s purpose and its intended outcomes for the community, stakeholders and service users;  
• Making sure that the community and stakeholders receive a high quality service;  
• Making sure that the services delivered reflect value for money |
| Performing effectively in clearly defined functions and roles | • Being clear about the functions of the NMML Board;  
• Being clear about the responsibilities of non-executives and the executive, and making sure that those responsibilities are carried out;  
• Being clear about relationships between the NMML and key stakeholders; |
| Promoting values for the whole organisation and demonstrating the values of good governance through behaviour | • Putting the NMML values into practice;  
• All NMML staff and non-executive directors behaving in ways that uphold and exemplify effective governance |
| Taking informed, transparent decisions and managing risk | • Being open and transparent about how decisions are made;  
• Using evidence in decision making;  
• Making sure that an effective risk management system is in operation. |
| Developing the capacity and capability of the governing body to be effective | • Making sure that appointed and elected non-executive directors have the requisite skills, knowledge and experience and understand their boundaries;  
• Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group;  
• Striking a balance, in the membership of the NMML Board between continuity and renewal; skills and experience. |
| Engaging stakeholders and making accountability real | • Understanding formal and informal accountability relationships;  
• Taking an active and planned approach to communication with and accountability to the NMML region;  
• Engaging effectively with key stakeholders and the community. |
Key Elements of Integrated Governance

The 5 elements listed below are symbiotic within the overarching NMML Integrated Governance Framework.

- Corporate Governance (incorporating strategic risk and performance management)
- Clinical Governance
- Financial Governance
- Information Governance
- Research Governance

2. KEY ELEMENTS OF THE INTEGRATED GOVERNANCE FRAMEWORK

Corporate Governance provides the structure for informed decision making, efficient and effective program management, risk management and accountability. It underpins the organisation decision making on a daily basis and ensures integrated governance.

Corporate Governance is the principal mechanism through which NMML manages the performance of its functions and operations, providing the NMML Board with assurance that the NMML is meeting all of its obligations and is managing risk appropriately.

Good Governance is embedded in the NMML’s Constitution. By building upon the governance and internal management framework of the Constitution, including key information regarding both the Board and members of the NMML and their respective roles, rights and obligations, the Integrated Governance Framework will assist in ensuring that the NMML Board and sub-committees as well as operational committees are appropriately managing the governance arrangements outlined within this Framework.

The NMML Board is supported by the following committees which advise and support the Board in discharging its responsibilities. These committees include:

- Strategic Advisory Committee
- Finance Audit and Risk Management Committee
- Expert Evaluation Committee
- Membership Committee
- Appeal Committee

2.1 Strategic Risk Management

An effective strategic risk management system enables the NMML to assure itself that it is operating within the law and in accordance with its strategic priorities. It provides the control mechanism checks and balances, gives assurance to the NMML Board and confidence to
Members, stakeholders and the community the NMML is acting with integrity and in a transparent manner and is better able to respond to unexpected risk.

A Risk Management Register, in line with the Australian Standard and New Zealand Standard on Risk Management (AS/NZS ISO 31000:2009) has been developed for all clinical and non-clinical risks. The NMML has a complaints system in place that is consistent with the Health Services Commissioners Guide to Complaint Handling in Health Care Services, all contracted health services providers are also required to have a robust complaints handling system consistent with the guidelines. Contractors providing services other than health services are required to adhere to AS-ISO-10002-2006 Customer Satisfaction – Guidelines for Complaints Handling in Organisations.

The NMML Board is ultimately responsible for determining the NMML’s approach to strategic risk to carry out its strategic leadership role. This includes oversight of the effectiveness of systems and controls; as well as for instilling an appropriate risk management culture throughout the NMML.

Routine risk monitoring will be a delegated responsibility to the Finance, Audit and Risk Management (FARM) Committee. The strategic oversight role of the FARM Committee will also require it to monitor the Risk Management Framework on behalf of the NMML Board.

2.2 Performance Management

The NMML has developed a Performance Monitoring Framework which sets out the roles and responsibilities of the NMML and any contracted provider. The performance monitoring framework is based on the principles of patient safety, risk management, continuous service improvement and compliance against deliverables as set out in service specifications.

All programs of work whether delivered through contract or directly by the NMML will be subject to performance monitoring. Key performance indicators set out in service specifications will underpin the monitoring and evaluation of the quality of the services provided by the NMML.

All trial, demonstration and start-up projects to be undertaken will be subject to evaluation to ascertain the efficacy of the trial or project. An evaluation plan is embedded in all project documentation to be completed prior to commencement of the work and must be endorsed by one of the executive team of the NMML.

Good intelligence is critical for strong performance management at strategic and operational levels of the NMML. Performance Management will help NMML to both develop and monitor strategy implementation as well as providing assurance on delivery of all other objectives and key targets.
Clinical Governance is the overarching framework through which the NMML is accountable for continuously improving the quality of services it commissions. Safeguarding high standards of care will be paramount. Effective Clinical Governance means creating an environment in which excellence in clinical care and quality of service provision will flourish.

Under the NMML’s ‘enabling model’, the risk is shared between the Company and the contracted service provider. The contracted service provider is accountable for the quality and safety of clinical services. The Clinicians and Clinical teams of the contracted service provider are directly responsible and accountable for the safety and quality of care they provide. However, in accordance with the service agreement and performance management framework service providers will be measured against their requirement to have a clinical governance structure in place to manage the provision of services as well as a requirement to report any sentinel events to the NMML.

National standards such as the National Safety and Quality Healthcare Standards (2012), the National Standards for Mental Health Services (2010) and the RACGP Standards for General Practice and indicators for safety and quality improvement such as those developed by the Australian Commission on Safety and Quality in Healthcare (ACSQHC) and the Australian Medicare Local Alliance provide guidance to health service providers when developing structures and processes to support a clinical governance framework.

Where possible, services will be based on locally applicable evidence of effectiveness and safety. The Executive and managers at all levels (including any person or organisation responsible for the implementation, management, monitoring and maintenance of health services) will be responsible for ensuring:

- An environment promoting evidence-based practice and fostering safety, quality and continuous improvement;
- Adverse incidents and near misses are monitored, effective responses are developed to address these and regular reports on quality are provided to manages;
- Risks in service quality are identified and unacceptable risks are effectively addressed;
- Independent accreditation/certification is sought where appropriate; and
- NMML works collaboratively with staff and stakeholders, including consumers, to improve safety and quality of services across the northern region.
These elements also provide a mechanism for the NMML to ensure consistency and integrity of contracted health service delivery and progress towards best practice, through integrated standards applicable to all patients/clients.

As part of our overall governance and reporting arrangements the NMML Board will review regular reports on the quality of services commissioned. These will cover specific quality improvement initiatives, risk management structures and programs - such as root cause analysis of sentinel or adverse events – to evaluate systems risks, review and evaluate data and monitor progress in attaining goals (see Table 1 ‘Criteria to Achieve the Governance for Safety and Quality’):

The NMML will ensure that it continually applies robust systems and processes to monitor, performance manage and regulate the quality of services delivered by contracted providers. These systems and processes will be dependent on the values and behaviours of the staff working within these service providers. Strong leadership at every level is therefore needed to ensure that values and positive behaviours are embedded into every day practice.

The NMML Board will maintain a strategic overview of all aspects of quality and will be assured that Clinical Governance is effectively discharged through the Commissioning and Performance Monitoring Frameworks.

**Table 1**

**Criteria to achieve Governance for Safety and Quality**

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<tr>
<th>Criteria</th>
<th>Indicator</th>
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<tr>
<td>Governance and quality improvement systems</td>
<td>There are integrated systems of governance to actively manage patient safety and quality risks.</td>
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<td>Clinical practice</td>
<td>Care provided by the clinical workforce is guided by current best practice.</td>
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<td>Performance and skills management</td>
<td>Managers and the clinical workforce have the right qualifications, skills and approach to provide, safe, high-quality health care.</td>
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<tr>
<td>Incident and complaints management</td>
<td>Patient safety and quality incidents are recognised, reported and analysed and this information is used to improve safety systems.</td>
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<tr>
<td>Patient rights and engagement</td>
<td>Patient rights are respected and their engagement in their care is supported.</td>
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**Financial Governance**

It is essential that effective Financial Governance is incorporated into the NMML’s governance mechanisms to ensure that funds are used effectively and appropriately. This will include day to day financial control of the NMML, and the effective stewardship of funds required for the delivery of high quality service.
The NMML has a financial obligation to account for the way resources are allocated and used to ensure that funds are spent in a cost effective manner and in accordance with the Corporations Act 2001.

To ensure good Financial Governance NMML has established a set of robust financial procedures, underpinned by appropriate financial risk management process, other budgetary control systems and effective financial information.

These procedures and systems are backed up by internal and external audit arrangements. Included within these procedures and arrangements are:

- Reporting arrangements to ensure that high quality financial information is provided in a timely manner;
- Procedures and processes that enable the NMML to meet its statutory financial responsibilities;
- Processes for local and Commonwealth financial management reporting duties;
- A system of internal control for managing risk to an acceptable level;
- An effective Audit Committee to critically review the financial reporting and internal controls and;
- An effective system for Procurement (see Commissioning Framework)

The NMML Board will receive informative financial reports on a regular basis, showing income and budget expenditure, year-to date and monthly comparisons, longer financial models and forecast for the future.

To ensure that financial information is not reviewed in isolation, it will be important for the NMML Board to understand the impact of financial decisions on service delivery; quality and safety. This will also enable a strategic understanding of the NMML’s business model for the commissioning of services.

This will involve establishing good predictors of the northern region population’s medium term demand for services and robust contract management processes that allow the NMML Board to have an overarching view of financial risk. This is not only on individual contracts, but the cumulative risk across all activities commissioned both internally and externally under contract.

Information Governance supports the provision of high quality care through the effective and appropriate use of information. It provides the policies and procedures with which the NMML must comply in order to maintain comprehensive and accurate records, and to keep those records confidential and secure.
The NMML will be accountable for ensuring that it has adequate Information Governance measures in place covering information handling, information security and risk management, data protection, confidentiality and information quality.

Information systems will be developed and used to support healthcare processes and outcomes to ensure quality, safety and privacy and to meet strategic and operational needs including reporting requirements.

These systems will ensure:

- Data systems are available both to support strategic planning and service delivery and to sustain quality programs, clinical governance activities and the reporting requirements.

- Data and other information, is made available to service providers and staff to inform service planning, service delivery and quality improvement initiatives.

- Data collection, definitions and terminology are consistent and there are quality processes in place to ensure data integrity, security and document control.

- Analysis of data is undertaken to provide relevant information about quality of service, service planning and delivery.

- Data systems are flexible and address the NMML’s reporting requirements.

- Data is collected, stored and used in a manner consistent with the National Privacy Principles.

Good Research Governance is an essential component of the responsible conduct of research. It enhances ethical and scientific quality, promotes good research practice and accountability, reduces adverse incidents and ensures lessons are learned, thus reducing the likelihood of poor performance and research misconduct.

NMML will ensure that its delivery of Research Governance meets its objectives and conforms to relevant institutional, jurisdictional and national standards and applicable laws.

NMML will develop a Research Governance Framework that makes sure that:

- Responsibilities and accountabilities for individuals and groups are understood, enacted and maintained;

- Processes used are appropriate to the NMML’s research environment and sufficiently adaptable to recognise differences in the relative risk of certain types of research (e.g. interventional research in contrast to observational research)

- Research governance activities are monitored and evaluated and the framework is modified as appropriate

- Self-regulation of all contributors to research upon which the preservation of research integrity is affirmed and can be shown to be practiced
• Rights and reputations of researchers and research participants are respected and conflicts of interest are declared

• Outcomes of research are communicated responsibly