

Health Service Executive



Framework for the Corporate and Financial Governance of the Health Service Executive

Document 1.1

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1. Preamble

Corporate governance is the system by which organisations direct and control their functions and relate to their stakeholders in order to manage their business, achieve their missions and objectives and meet the necessary standards of accountability, integrity and propriety. It is a key element in improving efficiency and accountability as well as in enhancing openness and transparency. A significant element of the Government's programme for health service reform is the strengthening of governance and accountability arrangements across the health and personal social services system.

Best practice in the area of governance is recognised as being evolutionary in nature. Standards need to be responsive to the changing environment and will continue to develop and evolve. The standards set out in this suite of documents are the minimum standards of best practice at this time.

This suite of framework documents should be read as a supplement to existing requirements as set out both in statute – particularly the Health Acts 1947-2004; Ombudsman Act, 1980; Freedom of Information Acts 1997-2003; Ethics in Public Office Acts 1995 and 2001; Ombudsman for Children Act, 2002 and the Comptroller and Auditor General (Amendment) Act, 1993 - and in Government-approved guidelines, including the *Code of Practice for the Governance of State Bodies* (2001), *Public Financial Procedures, The Role and Responsibilities of Accounting Officers* (Mullarkey Report 2003) and *Risk Management Guidance for Government Departments and Offices* (2004).

In recent years, a number of reports have been commissioned concerning corporate governance and as a result, a number of standards of best practice have emerged. The Health Service Executive (HSE) has adopted, in its opinion, all relevant best practice guidance and will continue to do so through its periodic review of its governance standards.

It is intended that the HSE's Governance Framework will also be issued to health sector agencies funded directly by the HSE to assist in the ongoing development of good governance in these agencies. The framework will be adapted appropriately by other agencies in the light of their statutory status and requirements.

References to employee/s in the suite of documents forming the HSE's Governance Framework relate to all employees directly employed by the HSE (as defined under Section 22 of the Health Act, 2004). However, the HSE expects those employed indirectly or providing services or advice to, or on behalf of, the HSE to also meet the standards set out for employees.

2. Governing Legislation

The Health Act 2004 sets out the HSE's responsibilities in relation to codes of standards of integrity and conduct (Section 25) and governance (Section 35). The Act states as follows:

25. — (1) *In performing functions under this or any other enactment as –*
- (a) a member of the board or a committee of the Board,*
 - (b) the chief executive officer or any other employee of the Executive,*
 - (c) a person engaged by the Executive as an adviser, or*
 - (d) an employee of a person referred to in paragraph (c),*
- a person shall maintain proper standards of integrity, conduct and concern for the public interest.*
- (2) *Subsection (1) applies to an employee of a person referred to in paragraph (c) of that subsection in respect only of duties of employment relating to the purposes for which the Executive has engaged that person.*
- (3) *For the purposes of subsection (1), the Executive shall issue codes of conduct for the guidance of persons who are –*
- (a) members of a committee of the Board but are not members of the Board.*
 - (b) employees of the Executive other than employees to whom a code of conduct under section 10(3) of the Standards in Public Office Act 2001 applies,*
 - (c) engaged by the Executive as advisers, or*
 - (d) employees of persons referred to in paragraph (c).*
- (4) *A code of conduct issued under this section for the guidance of persons referred to in subsection (3) must indicate the standards of integrity and conduct to be maintained by them in performing their functions under this or any other enactment.*
- (5) *A person to whom such a code of conduct relates is required to have regard to and be guided by the code in performing the person's functions under this or any other enactment.*
- (6) *The terms and conditions on which a person is employed by the Executive or by a person referred to in subsection (1) (c) or on which a person is engaged by the Executive as an adviser, as the case may be, are deemed to include any requirements that apply to that person under subsection (5).*
- (7) *Subject to subsection (8), the executive shall as soon as practicable after issuing a code of conduct make the code available to the persons for whose guidance it was issued.*

- (8) *A code of conduct for the guidance of employees of a person engaged by the Executive as an adviser shall be issued by the Executive to the employer and be made available by the employer to those employees.*
- (9) *A document purporting to be a code of conduct issued under this section is, in the absence of evidence to the contrary, to be taken to be such code and is admissible in any proceedings before a court or other tribunal.*
- (10) *Any provision of such code that appears to the court or other tribunal to be relevant to a question in the proceedings may be taken into account by it in determining the question.*
- 35. — (1)** *The Executive shall, as soon as practicable after it is established, submit to the Minister for approval a code of governance that includes an outline of —*
- (a) the guiding principles applicable to the Executive as a public body having functions relating to health and personal social services,*
 - (b) the structure of the Executive, including the roles and responsibilities of the Board and the chief executive officer,*
 - (c) the methods to be used to bring about the integration of health and personal social services,*
 - (d) the processes and guidelines to be followed to ensure compliance with the reporting requirements imposed on the Executive by or under this Act,*
 - (e) the Executive’s internal controls, including its procedures relating to internal audits, risk management, public procurement and financial reporting, and*
 - (f) the nature and quality of service that persons being provided with or seeking health and personal social services can expect.*
- (2) *The Executive shall review the code of governance periodically and at such times as may be specified by the Minister and shall revise the code as the Executive considers appropriate.*
- (3) *In preparing, or making any revisions to, the code of governance, the Executive shall have regard to any directions issued by the Minister under section 10.*
- (4) *Following the Minister’s approval of the code of governance or of any revisions to it, the Executive shall arrange for the publication of the code or the revised code.*
- (5) *The Executive shall indicate in its annual report its arrangements for implementing and maintaining adherence to the code of governance.*

3. Guiding Principles

Standards of governance should be underpinned by a set of key principles which promote transparency, efficiency and effectiveness, are consistent with the regulatory environment, and clearly articulate the division of roles and responsibilities within the organisation. Specifically, standards should provide that a publicly-funded health sector organisation:

- acts legitimately in compliance with legal requirements, within the authority conferred;
- observes due process in all its activities and respects the rights and aspirations of other stakeholders and the public;
- meets publicly-declared standards of performance particularly relating to quality, equity, Value for Money in the use of public resources, delivery of agreed outputs and achievements of targeted health and social gain outcomes; and
- accounts to stakeholders and to the public for its actions relating to the principles set out in the National Health Strategy i.e. quality, accountability, equity and people centredness.

Good governance will reflect the following key characteristics:

- *Propriety* – measured by the extent to which the board and its management team carry out their duties with integrity and fairness and without self-interest or favouritism. It is reflected in the organisation’s decision-making procedures, the quality of its financial and performance reporting, in guidance issued on governance and ethics as well as standards of conduct and behaviour.
- *Responsiveness* – measured by the ability of patients/clients and the public to secure performance to given standards and to obtain redress if these standards are not met.
- *Transparency* – measured by the extent to which patients/clients and the public are informed about the actions taken by the organisation and the rules governing these actions. It is also manifest by the degree of clarity and understanding that exists regarding roles and responsibilities together with authority and accountability levels.
- *Public Accountability* - the extent to which a publicly-funded organisation accounts to government, the Oireachtas and the general public for the use of public resources.

4. Suite of Governance Documents

In support of a cohesive best practice corporate governance infrastructure, the HSE has developed policies and guidelines for use by the board, the management team and all those working within the HSE and the agencies funded by the HSE.

This Framework for the Corporate and Financial Governance of the HSE was first approved by the HSE Board at its meeting held on 7th September 2006 and version 2 was approved at the Board meeting held on 1st November 2007. The Framework was approved by the Minister for Health and Children on 26th March 2008. This update of the policy will be included as one of the amendments to be submitted to the Board for approval as part of the 2009 review of the Governance Framework.

This suite of documents will be kept under regular review and updated as necessary.

The suite is divided into two parts:

Part 1. Board related governance documents which set out the:

- Board Terms of Reference (Document 1.2);
- Audit Committee Terms of Reference (Document 1.3);
- Internal Audit Function (Document 1.4);
- Remuneration and Organisation Committee Terms of Reference (Document 1.5)
- Risk Committee Terms of Reference (Document 1.6)

**Part 2. HSE General Governance Documents
Governance documents of more general relevance to all those working in the health and personal social services* in Ireland and the mechanisms for reporting and dealing with breaches of policies:**

- Code of Standards and Behaviour (Document 2.1)
- Good Faith Reporting Policy (Document 2.2)
- Policy Statement on Fraud (Document 2.3)
- Integrated Risk Management Policy (Document 2.4)
- Procurement Policy (Document 2.5)
- Customer Service Charter and Customer Complaints Procedure (Document 2.6)

*** (References to health services in the Governance Framework documents will usually mean references to health and personal social services)**

4.1 Part 1: Board related governance documents

4.1.1 Document 1.1: Framework for Corporate and Financial Governance of the HSE

The object of this document is to set out the guiding principles by which the HSE is governed.

4.1.2 Document 1.2: Board Terms of Reference

This document sets out the protocols for the operation of the HSE board.

4.1.3 Document 1.3: Audit Committee Terms of Reference

This document sets out the role of the board committee responsible for assisting it, in fulfilling its duties, by providing an independent and objective review of the:

- financial reporting process,
- process relating to the HSE's management of financial risks, prevention of corruption and waste and the system of internal control,
- internal and external audit processes,
- promotion and auditing of Value for Money Management (VFM) throughout the health system.

This document also sets out the terms of reference of the Committee and includes sections on the role, membership and duties of the committee.

4.1.4 Document 1.4: Internal Audit function

This document sets out how the internal audit function helps the HSE accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of financial risk management, internal control and governance processes.

4.1.5 Document 1.5: Remuneration and Organisation Committee Terms of Reference

This document sets out the terms of reference of the Remuneration Committee and includes sections on the role, membership and duties of the committee.

4.1.6 Document 1.6: Risk Committee Terms of Reference

This document sets out the terms of reference of the Risk Committee established by the board to assist it in fulfilling its duties by providing an independent and objective review of:

- the systems and processes relating to quality, safety and the measurement of non-financial risk;
- the processes and mechanisms deployed to ensure integration of the HSE's approach to the management of non-financial risks and day-to-day operational activities;
- the promotion of a risk management culture across the HSE.

4.2 Part 2: HSE General Governance Documents

4.2.1 Document 2.1: Code of Standards and Behaviour

This document sets out the standards of behaviour expected from all board members, management and employees of the HSE with an emphasis on “leading by example” and “proper tone at the top”. This document has been structured on the model set out by the Department of Finance and has been adapted to fit with the factors unique to the HSE in consultation with its stakeholders (including employees or their union representatives).

4.2.2 Document 2.2: Good Faith Reporting Policy

This policy sets out how all employees are encouraged to raise genuine concerns about possible improprieties in the conduct of the HSE's business, whether in matters of financial reporting or other malpractices, at the earliest opportunity and in an appropriate way. The HSE applauds employees that courageously raise genuine concerns. Mischievous reporting will be taken very seriously and perpetrators will be disciplined appropriately in accordance with agreed procedures.

The HSE will provide and support two channels for good faith reporting:

- (i) a ‘Fraud, Corruption and Waste Hotline’ for matters generally relating to financial loss, corruption and waste; and
- (ii) a ‘Quality, Safety and Risk Hotline’ for matters generally relating to non-financial matters including clinical quality, safety and risk.

To ensure that a co-ordinated approach is maintained by the HSE, all matters reported and the outcomes of investigations will be made available to both the Audit Committee and the Risk Committee.

4.2.3 Document 2.3: Policy Statement on Fraud

This document sets out how the HSE endeavours to achieve openness, transparency and accountability by carrying out risk management reviews and regular monitoring of activities and functions thus creating an environment that deters fraud. All cases of fraud or suspected fraud will be investigated immediately. Recovery of losses arising from fraud will be pursued. Disciplinary action will be taken against perpetrators involved in fraud and action may also be taken against those whose negligence through lack of supervision and control may have facilitated the event. Prosecutions will be pursued.

4.2.4 Document 2.4: Integrated Risk Management Policy

This document sets out the HSE's governance structure for the identification, measurement, assessment and management of risk. It also sets out how this function assists the HSE achieve its objectives through the adoption of a systematic, comprehensive and integrated approach to risk management.

4.2.5 Document 2.5: Procurement Policy

The HSE applies the highest standards of integrity, fairness, legality, confidentiality, and disclosure of interest to all supply related transactions. All relevant supply regulations are applied so that competition is promoted, value for money secured, equal access to publicly funded contracts is afforded to all taxpaying suppliers, and openness and transparency assured. Where relevant, HSE supply decisions take account of prevailing social and environmental ethical standards.

4.2.6 Document 2.6: Customer Service Charter and Customer Complaints Procedure

This document sets out the HSE's Customer Service Charter and details of how a customer's complaint is to be handled.

Contact details:

Dara Purcell
Secretary to the Board of the HSE
Room 127,
Dr Steevens' Hospital,
Dublin 8,

Phone: 01 6352 877
Fax: 01 6352 898
Email: dara.purcell@hse.ie
Website: www.hse.ie