

Governance Review – North Metropolitan Health Service & Department of Health

Terms of Reference

A Governance Review (the Review) will be conducted by the Public Sector Commissioner (the Commissioner) pursuant to section 24B (1) of the *Public Sector Management Act 1994*, and in accordance with the prevention and education function provided for in section 45A of the *Corruption, Crime and Misconduct Act 2003*.

KPMG will be engaged by the Commissioner for the purposes of undertaking the Review.

The purpose of the Review is to identify possible failure/s of governance and administrative systems within the North Metropolitan Health Service (NMHS), and, where relevant, within the Department of Health, that contributed to the events and issues highlighted in the Corruption and Crime Commission (CCC) report titled “Report into bribery and corruption in maintenance contracts within North Metropolitan Health Service” (the CCC Report) which was published on 16 August 2018.

Specifically, the Review should, in the context of the contents of the CCC Report, consider the adequacy, or otherwise, of:

1. Relevant policies, procedures and management practices around procurement and contract management issues identified in the CCC Report in the period 24 October 2014 to 23 May 2016, with specific attention to the granting and management of maintenance and service contracts within NMHS.
2. Relevant policies, procedures and management practices around risk management arising from the issues identified in the CCC Report, including the identification and management of risks around procurement and contract management; conflicts of interest; gifts, benefits and hospitality; and misconduct.
3. Governance and oversight mechanisms in place to ensure that executive level leadership, particularly the Chief Executive Officer, and where relevant the Board of the NMHS, and the Director General of the Department of Health, were fully briefed by relevant NMHS and/or Department of Health staff in a timely manner on the concerns and issues ultimately highlighted in the CCC Report. This should include, but is not limited to, briefings on the outcome of the Department of Health internal investigation/s undertaken following the CCC referral on 24 October 2014 of the original allegations back to the Department. [Note that in March 2016 the Department of Health referred the matters back to the CCC seeking their involvement, and in May 2016 the CCC commenced its own investigation and served the Department of Health with a Notice pursuant to section 42 of the *Corruption, Crime and Misconduct Act 2003*.]
4. Information provided to support decisions made by the Chief Executive Officer and where relevant the Board of the NMHS and/or the Director General of the Department of Health relating to:
 - a. The extension of the employment contract of Mr John Fullerton (former Executive Director of Facilities Management at NMHS) in 2015; and
 - b. The approval of redundancy packages for Mr Fullerton and Mr Shaun Ensor (former Acting Manager Area Facilities Development at SCGH and PMH); and, if applicable, Mr David Mulligan (former Executive Director of Perth Children’s Hospital Integration) in late 2016 (Fullerton/Mulligan) and in mid 2018 (Ensor).

5. Responses of the NMHS and the Department of Health, particularly changes to relevant policies, procedure and management practices, following previous reports relating to Health Service Providers and the Department of Health which highlighted inadequacies in governance around fraud prevention and detection (e.g. CCC Report titled "Report on Fraud and Corruption in Procurement in WA Health 2014"; and Department of Health Internal Report on Procurement in NMHS prepared in April 2015 following the CCC referral on 24 October 2014).
6. Changes to relevant policies, procedures and management practices by the Department of Health and the NMHS in response to the concerns and issues identified in the internal investigation/s undertaken following the CCC referral of these matters back to the Department on 24 October 2014. This should include changes since the enactment of the *Health Services Act 2016* on 1 July 2016 with the establishment of Health Service Provider Boards, and any improvements enacted and/or still required following the most recent CCC Report tabled in August 2018.

The Public Sector Commission (PSC) will consult with the CCC to facilitate, as much as is possible, leverage by KPMG and the PSC on the work already undertaken by the CCC relevant to these Terms of Reference.

KPMG will prepare a draft report setting out their observations and recommendations for improvement for consideration, review and issue by the PSC. The PSC may undertake further work and will be responsible for liaison and consultation with relevant stakeholders to facilitate relevant feedback prior to finalisation of the report and any recommendations which may arise.

The PSC will report back to the Hon Minister for Health (the Minister) on the outcome of the Review and any recommendations.

The Commissioner will separately consider any application to the wider public sector of recommendations arising from the report.

25 September 2018
