

Special Commission of Inquiry into Healthcare Funding

Statement of Adjunct Professor Michael Nicholl

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1. This statement made by me accurately sets out the evidence that I would be prepared, if necessary, to give to the Special Commission of Inquiry into Healthcare Funding (**Inquiry**) as a witness. The statement is true to the best of my knowledge and belief.

A. BACKGROUND

2. I am the Chief Executive of the Clinical Excellence Commission (**CEC**).
3. My CV is Exhibit 12 in NSW Health Tranche 4 Consolidated Exhibit List.
4. I joined the CEC as Chief Executive in August 2022 after a 40-year clinical career spanning specialist obstetric and gynaecologist roles. I was the senior clinical advisor obstetrics to NSW Health for 15 years. Throughout my career and continuing I have focussed my professional purpose as a leader for excellence in safety and quality in healthcare provided by NSW public health services.
5. I have bachelor's degrees in Medicine and Surgery, a master's degree in Business Administration specialising in Public Sector Management, and a doctorate in Medicine, the subject of which is related to the applicability of a risk matrix to high risk pregnancy and birth. I am a retired fellow of the Royal Australian and New Zealand College of Obstetricians and Gynaecologists, a fellow of the Royal College of Obstetricians and Gynaecologists, a fellow of the Australasian College of Health Service Managers and a fellow of the Australasian Association for Quality in Health Care.
6. I have extensive practical experience across operational and strategic issues of healthcare, together with clinical academic expertise and insight into the broader quality and safety agenda in healthcare. I also have expertise in healthcare risk and measurement.

7. I was the first obstetrician in Australia to become a Fellow of the Australasian Association for Quality in Health Care, and nationally I have worked with the Australian Institute for Health and Welfare and the Australian Commission on Safety and Quality in Health Care on key patient safety issues.
8. In 2017 I was awarded the NSW government insurer (iCare – Treasury Managed Fund) NSW Public Sector Risk Leadership Award.
9. The CEC is one of the five so called “pillar” organisations (the other pillar organisations being the Bureau of Health Information, the Health Education and Training Institute, the Agency for Clinical Innovation and the Cancer Institute NSW). The role of the pillar organisation as described in the *Future Arrangements for the Governance of NSW Health – Report of the Director General* in 2011 (Exhibit 41 NSW Health Tranche 4 Consolidated Exhibit List) was to “have a key role on their respective areas of health care design, standards, reports, educative and associated policy”.
10. This statement will briefly set out the CEC’s clinical governance role and the clinical governance structure of NSW Health, relevant to Term of Reference B. It will also outline the corporate governance structure in which the CEC sits. I have previously provided a statement to the Inquiry dated 29 January 2024 addressing the role of the Medicines Formulary, relevant to Term of Reference D.

B. AN OVERVIEW OF CLINICAL GOVERNANCE

11. Clinical governance is defined by the *National Model Clinical Governance Framework*, produced by the Australian Commission on Safety and Quality in Health, as “the set of relationships and responsibilities established by a health service organisation between its state or territory department of health (for the public sector), governing body, executive, clinicians, patients, consumers and other stakeholders to ensure good clinical outcomes.⁹ It ensures that the community and health service organisations can be confident that systems are in place to deliver safe and high-quality health care, and continuously improve services”.
12. The World Health Organisation defines quality of care as “the extent to which health care services provided to individuals and patient populations improve desired health outcomes”. The 6 dimensions of healthcare quality are recognised as the foundation of a high reliability healthcare system:
 - a. safety;

- b. timeliness and accessibility;
 - c. effectiveness and appropriateness;
 - d. patient-centred care;
 - e. efficiency; and
 - f. equity.
13. In the context of NSW Health, clinical governance is the set of relationships and responsibilities established by a health service between NSW Ministry of Health (**MOH**), the CEC, boards, executive, clinicians, healthcare workers, patients, health consumers, and other stakeholders to ensure good clinical outcomes. Implementation of a sound clinical governance system involves contributions by individuals and teams at all levels of the organisation.
14. The guiding principles of clinical governance in NSW Health are:
- a. Just culture (individuals are not blamed for failures of the system),
 - b. Openness (reporting and acknowledging errors and offering apologies and explanation to patients and carers, including through the Open Disclosure process),
 - c. Emphasis on learning (lessons learnt are examined to create continual improvement),
 - d. Obligation to act (an explicit responsibility to remedy problems),
 - e. Appropriate prioritisation of action (according to the available resources, potential risk, and opportunity for improvement),
 - f. Teamwork (fostered within a culture of trust and mutual respect), and
 - g. Accountability (individuals understand when they may be held accountable for their actions).

15. Clinical governance is an integrated component of corporate governance of health service organisations. It ensures that everyone – from frontline clinicians to managers and members of governing bodies, such as boards – is accountable to patients and the community for assuring the delivery of health services that are safe, effective, integrated, high quality and continuously improving.

C. NATIONAL CLINICAL GOVERNANCE STRUCTURES

16. In 2006, the Council of Australian Governments (**COAG**) established the Australian Commission on Safety and Quality in Health Care (**the Commission**) to lead and coordinate national improvements in the safety and quality of health care. In August 2011, COAG agreed to the National Health Reform Agreement (**NHRA**) which sets out the shared intention of the Commonwealth and jurisdictions to work in partnership to improve health outcomes.
17. The Commission commenced as an independent statutory authority on 1 July 2011, funded jointly by the Australian Government and by state and territory governments. The Commission's role, functions and responsibilities are set out in the NHRA, and are governed by the National Health Reform Act 2011 (Cth).
18. Key functions of the Commission include: developing national safety and quality standards, developing clinical care standards to improve the implementation of evidence-based health care, coordinating work in specific national safety and quality priority areas to improve outcomes for patients, and providing information, publications and resources about safety and quality.
19. The CEC represents NSW at the Interjurisdictional Committee (**IJC**) which is a meeting of safety and quality officials of the Commonwealth, States and Territories supported by the Commission, but created by the Australian Health Ministers' Advisory Council (now Health Chief Executives Forum) in 2006. The IJC is responsible for providing advice on the process of policy development and facilitating jurisdictional engagement in the work of the Commission.

D. NSW HEALTH CLINICAL GOVERNANCE STRUCTURE

20. Clinical governance is an integrated component of corporate governance in NSW Health, with Clinical Governance Units (**CGUs**) operating in each LHD, SHN and SHS. This integration is set out in the NSW Health *Corporate Governance and Accountability Compendium* (**Corporate Governance Compendium**) (Exhibit 21 NSW Health Tranche

4 Consolidated Exhibit List) and the five key components contained in the NSW Health *Clinical Governance in NSW* Policy Directive PD2024_010 (***the Clinical Governance Policy***) (Exhibit 76 NSW Health Tranche 4 Consolidated Exhibit List):

- a. The operation of CGUs in each Health Service;
 - b. The need for all NSW public health services to comply with the requirements of the Australian Health Service Safety and Quality Accreditation Scheme;
 - c. Use of an incident management system to facilitate:
 - i. the timely notification of incidents, and ability to track the review and analysis of health care incidents;
 - ii. the reporting of incidents, particularly the provision of trended information by incident type, and to understand the lessons learned from reviews; and
 - iii. the management of feedback including complaints, compliments, and suggestions for improvement,
 - d. The systematic management of incidents and risks both locally and state-wide to identify remedial action and systemic reforms, and
 - e. The functioning of the CEC as the lead agency supporting patient safety and improvement in the NSW Health system. The CEC has a lead role in assisting NSW public health organisations to achieve and maintain adequate standards of patient care through system analysis and improvement.
21. Many of these requirements were first established following the publication of the *PD2005_068 Patient Safety and Clinical Quality Program* in 2005 (Exhibit 33 NSW Health Tranche 4 Consolidated Exhibit List). That program has only recently been replaced by the Clinical Governance Policy.
22. The CGUs are critical in the functioning of clinical governance and patient safety systems. CGUs promote, support, and implement patient safety and clinical quality policies, procedures and processes. Clinical Governance teams are led by LHD/SHN Directors of Clinical Governance and their role is discussed further at Heading G “Clinical Governance Entities”.

23. Section 2.3.2 of the *Corporate Governance Compendium* provides that public health organisations that deliver clinical services must ensure that clinical management and consultative structures within the organisation are appropriate to the needs of the organisation and its clients. It requires public health organisations to ensure that:
- a. clear lines of accountability for clinical care are established and are communicated to clinical staff and staff who provide direct support to them;
 - b. the authority of facility/network general managers is clearly understood;
 - c. a Medical and Dental Appointments Advisory Committee (MADAAC) is established to review and make recommendations about the appointment of medical staff and visiting practitioners;
 - d. a Credentials Subcommittee is established to make recommendations to the MADAAC on all matters concerning the scope of practice and clinical privileges of visiting practitioners or staff specialists; and to advise on changes to a practitioner's scope of practice;
 - e. an Aboriginal Health Advisory Committee is established with representation from Aboriginal Community Controlled Health Organisations (ACCHOs) and/or other Aboriginal community organisations, and with clear lines of accountability for clinical services delivered to Aboriginal people;
 - f. a systematic process for the identification, and management of clinical incidents and minimisation of risks to the organisation is established;
 - g. an effective complaint management system for the organisation is developed and in place;
 - h. effective forums are in place to facilitate the involvement of clinicians and other health staff in decision making at all levels of the organisation;
 - i. appropriate accreditation of healthcare facilities and their services is achieved;
 - j. licensing and registration requirements are checked and maintained, and

- k. the NSW Health, Decision Making Framework for NSW Health Aboriginal Health Practitioners: undertaking clinical activities (Exhibit 180 NSW Health Tranche 4 Consolidated Exhibit List) is adopted to ensure that Aboriginal Health Workers are trained, competent, ready and supported to undertake clinical activities.
24. Section 5 of the *Corporate Governance Compendium* deals with clinical governance and sets out requirements for:
- a. Clinical Governance Entities,
 - b. Health District/Service Clinical Management and Advisory Structures, and
 - c. Quality Assurance Processes.

E. ROLE AND FUNCTION OF THE CEC

25. The CEC is a board-governed statutory health corporation, responsible for leading safety and quality improvement in NSW Health. It was established in 2004 to reduce adverse events in public hospitals, support improvements in transparency and review of these events, and promote improved clinical care, safety and quality in health services across NSW.
26. The CEC's Determination of Functions dated 13 July 2012 sets out the functions of the CEC pursuant to sections 12 and 53 of the *Health Services Act 1997* and is Exhibit 156 NSW Health Tranche 4 Consolidated Exhibit List.
27. The functions of the CEC are:
- a. To provide system wide clinical governance leadership with LHDs and SHNs, including supporting the implementation and ongoing development of local quality systems;
 - b. To develop policy and strategy related to improvements of clinical quality and safety across the NSW public health system and promote and support improvement in clinical quality and safety in public and private health service;
 - c. To identify, develop and disseminate information about clinical quality and safety in health care on a statewide basis, including (but not limited to):
 - i. Working with the Health Education and Training Institute (**HETI**) to develop, provide and promote training and education programs;

- ii. Identifying priorities for and promoting the conduct of research about clinical quality and safety in health care;
 - d. To review adverse clinical incidents arising in the NSW public health system and develop responses to those incidents including (but not limited to):
 - i. Co-ordinating responses to specific incidents with system or statewide implications; and
 - ii. Providing advice to the Director General [*Secretary*] on urgent or emergent patient safety issues and staff safety issues in a clinical setting;
 - e. to monitor clinical quality and safety processes and performance of public health organisations and to report to the Director General and Minister thereon;
 - f. To provide the Bureau of Health Information with relevant data on clinical quality and safety performance of the public health system to support the Bureau's public reporting function;
 - g. To consult broadly with public health organisations, health professionals and members of the community in performing its functions;
 - h. To provide advice to the Director General and Minister for Health on issues arising out of its functions, and
 - i. To develop three-year Strategic Plans and an Annual Work Plan, linking these activities and priorities of the Commission to the statewide directions and priorities of NSW and work in accordance with these plans and Service Compact agreed with the Director General.
28. In its first five years, the CEC bridged the gaps between managers and clinicians through the development of clinical practice improvement projects, demonstrated its independence in reporting risks and vulnerabilities in patient care and gained the trust and respect of clinicians working in NSW Health.

29. Initial programs of work focused on blood product governance, hand hygiene, central line associated blood infections in intensive care units, establishment of surgical and anaesthetic mortality reviews, a Clinical Leadership Program and a Quality Systems Assessment process. These were followed by programs focused on publicly reported safety and quality data (prior to the creation of the Bureau of Health Information), deteriorating patients, sepsis, and clinical practice improvement training.

System wide leadership

30. Through its functions, the CEC has a monitoring and escalation role, rather than a performance management role, in clinical governance, patient safety and improved clinical quality. The CEC escalates safety concerns to the Deputy Secretary, System Sustainability and Performance, and the Secretary through the Patient Safety First Unit (PSFU) within the System Management Branch of MOH. It is the PSFU that then manages oversight of the system response.

Policy development

31. The CEC develops and has responsibility for all clinical governance policies in NSW Health as the “policy owner”. The primary NSW Health clinical governance Policy Directive is the Clinical Governance Policy. The key clinical governance policies are:
- a. PD2013_009 *Safety Alert Broadcast System* (Exhibit 157 in the NSW Health Tranche 4 Consolidated Exhibit List);
 - b. PD2019_019 *Coordination of responses to urgent system-level medicine or medical devices* (Exhibit 158 in the NSW Health Tranche 4 Consolidated Exhibit List) which is currently under review;
 - c. PD2020_047 *Incident Management* (Exhibit 34 in the NSW Health Tranche 4 Consolidated Exhibit List), and
 - d. PD2023_011 *Australian Health Services Safety and Quality Accreditation Scheme in NSW Health facilities* (Exhibit 35 in the NSW Health Tranche 4 Consolidated Exhibit List).

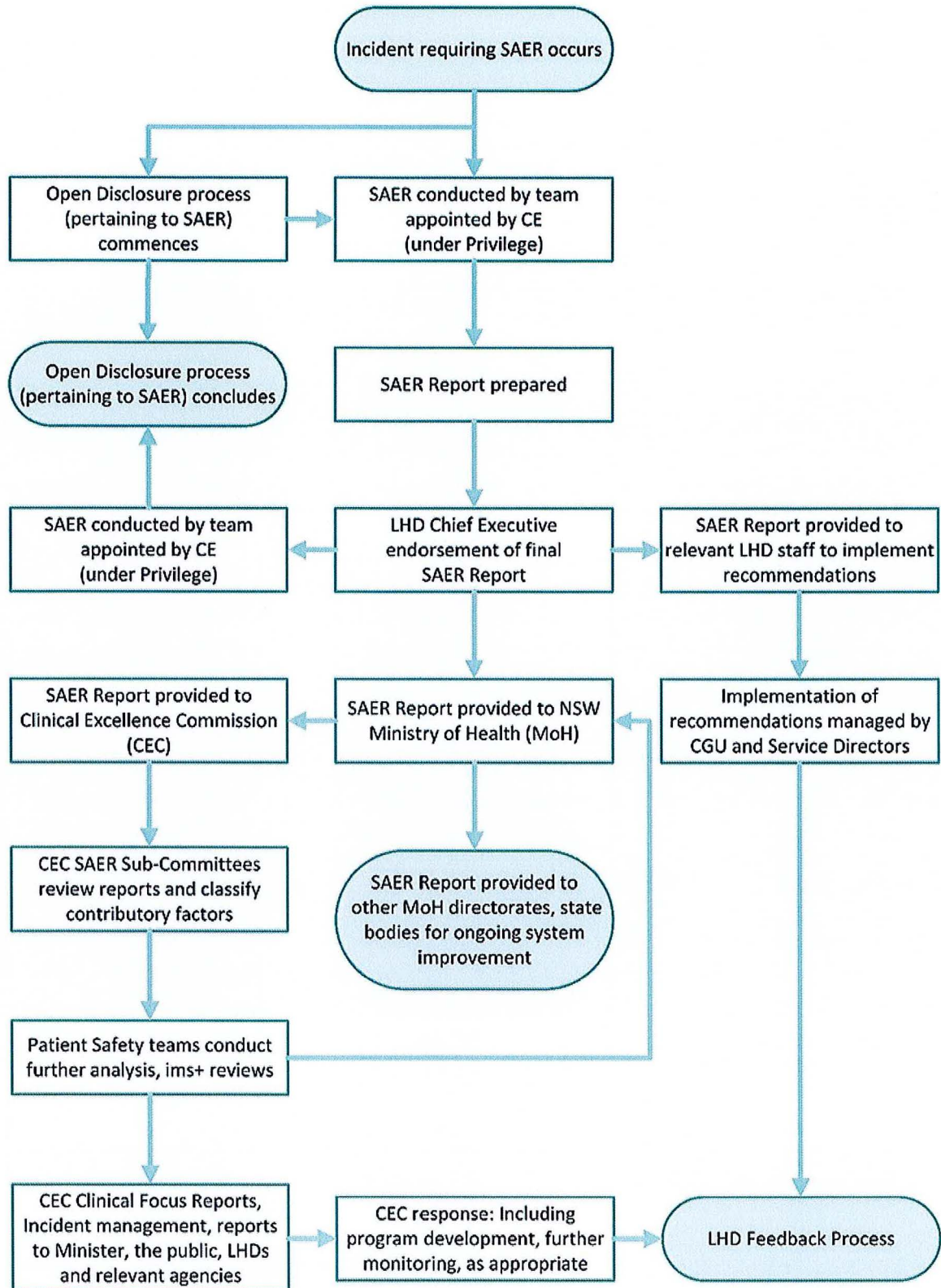
32. The CEC also supports patient safety across NSW through a range of patient safety improvement programs including neonatal and maternity, paediatric, adult, older persons, mental health and medication safety. These address key national and state patient safety priorities relating to deteriorating patients, sepsis, comprehensive care, blood management, infection control and prevention, healthcare associated infection as well as supporting LHDs, SHNs reduce hospital acquired complications.

Information dissemination

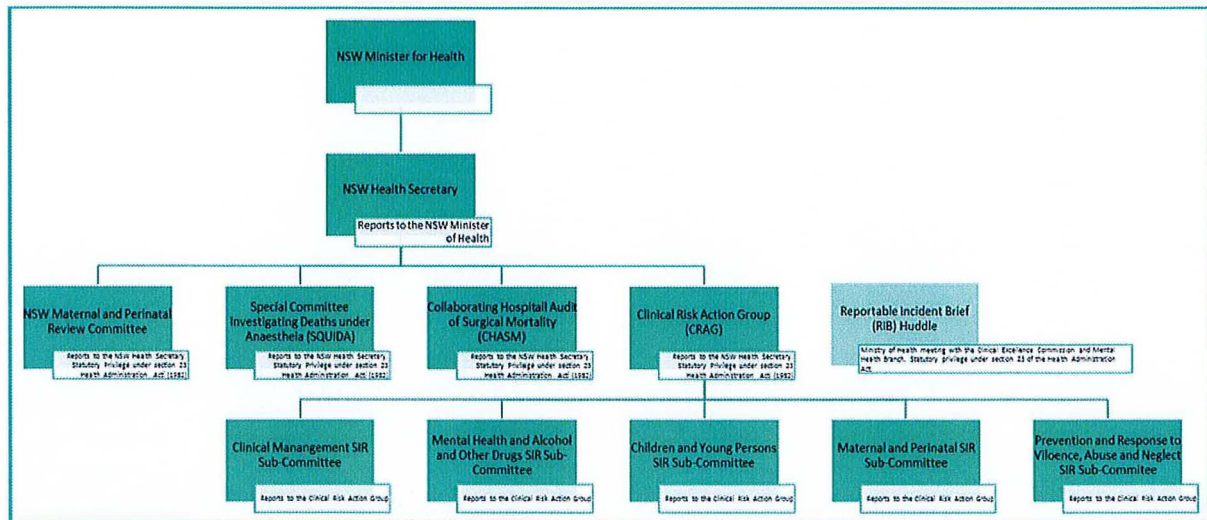
33. The CEC monitors safety data, including clinical outcomes, incidents and healthcare acquired complication data available from NSW Health systems to support LHD/SHNs in improving safety.
34. The Quality Improvement Data System (**QIDS**) provides users at all levels of an organisation with a single point of access to information and tools for the purpose of improving the quality and safety of health service delivery. QIDS transforms data from several sources into a unified platform with standardised and customisable analytic and improvement tools. It enables users to translate raw data into insights such as current patient outcomes, trends over time, unwanted clinical variation, harm and outcome measures of improvement innovations.
35. Quality Audit Reporting System (**QARS**) is an electronic tool developed by the CEC to help to improve the quality and safety of health care provided by local health districts, speciality health networks, pillars and NSW health service providers (the Health Entities). The QARS application has three modules including Audit, Survey and ReACT.
36. QARS Audit and Survey are available for use by Health Entities to collect data that will help to drive the implementation of safety and quality systems and improve the quality of the health care they provide. This enables the measurement of existing healthcare issues, processes and practices to support improvements in patient safety. An audit or survey is also regularly used by a Health Entity to meet their accreditation requirements as determined by the National Safety and Quality Health Service Standards of the Australian Commission on Safety and Quality in Health Care.
37. QARS ReACT enables the CEC Critical Response Unit as a state-wide essential tool to communicate and co-ordinate processes to manage, escalate and pro-actively respond to emerging patient safety issues and clinical risks involving medical devices, medicines and biological agents. The response may include the use of audits and surveys for collection of data to assess areas of risk and their mitigation across NSW.

Adverse clinical incident review and monitoring processes

38. It is an underlying principle of the Clinical Governance policy that the public health system must operate in an environment of openness about failure, where errors are reported and acknowledged without fear or inappropriate blame and where patients and their families are told what went wrong and why.
39. The CEC is the lead agency supporting patient safety and clinical improvement in the NSW public health system and has a key role in monitoring clinical incidents reported in NSW.
40. PD2020_047 *Incident Management Policy Directive* outlines the roles and responsibilities across the NSW Health system with respect to the management of both clinical and corporate incidents. NSW Health staff members are required to report all identified clinical incidents, near misses and complaints in the state-wide incident management system (**ims+**). **ims+** is an electronic database that provides a system for notification of all incidents, including those with corporate consequences.
41. The **ims+** system operates on the entry of data into a matrix that is supported by an algorithm which assigns a harm score of 1 - 4. The CEC is the data custodian for all **ims+** incidents regardless of the harm score assigned, however **ims+** with a harm score of 1 are escalated to MOH via a Reportable Incident Brief (**RIB**) process.
42. The *Health Administration Act 1982*, requires a Chief Executive to appoint a team to undertake a Serious Adverse Incident Review (**SAER**) of clinical incidents allocated a Harm Score of 1. The Chief Executive may (but is not required to) conduct a SAER on lower Harm Score incidents if the Chief Executive considers it is appropriate to do so on the basis the incident may be the result of a serious systemic issue or other system risk. All serious incidents are notified by the RIB, which the Chief Executive must submit to MOH within specified timeframes. All RIBs are submitted to the relevant statewide safety committee (CRAG) discussed below.
43. In addition to the process of assigning a harm score and conducting a SAER where indicated, NSW Health requires open disclosure to patients, their families and carers, to explain the circumstances of an incident in accordance with the *Open Disclosure Policy Directive PD2023_034* (Exhibit 181 NSW Health Tranche 4 Consolidated Exhibit List). This process occurs alongside any SAER process and is demonstrated by the flow chart below.



44. The CEC receives copies of all SAER reports carried out by LHDs and SHNs. The CEC analyses the reports to identify trends and to inform the CEC's work in system-wide quality and safety improvement.
45. The CEC uses aggregated ims+ data in the preparation of its Biannual Incident Report (which is made publicly available by its publication on the CEC website) and in mortality reviews.
46. The CEC provides the Secretariat for the following statewide committees established for the purpose of conducting research and investigations into morbidity or mortality occurring within New South Wales, and which have a special privilege under Section 23 of the *Health Administration Act*:
 - a. NSW Maternal and Perinatal Mortality Review Committee (Exhibit 182 NSW Health Tranche 4 Consolidated Exhibit List);
 - b. Special Committee Investigating Deaths Under Anaesthesia (**SCIDUA**) (Exhibit 183 NSW Health Tranche 4 Consolidated Exhibit List);
 - c. Collaborating Hospitals' Audit of Surgical Mortality (**CHASM**) Committee (Exhibit 184 NSW Health Tranche 4 Consolidated Exhibit List), and
 - d. The Clinical Risk Action Group (**CRAG**) (Exhibit 185 NSW Health Tranche 4 Consolidated Exhibit List).
47. The CRAG is the peak safety committee for NSW Health overseeing the reporting of RIBs and the management of serious adverse incidents. The CRAG has a number of sub-committees as demonstrated in the flow chart below:



48. The CEC's monitoring role extends to oversight of Harm Score 1 incidents in Affiliated Health Organisations (**AHOs**) and Public Private Partnerships such as Northern Beaches Hospital, where an AHO or Northern Beaches Hospital has submitted a RIB to MOH. St Vincent's Network is an AHO however has a similar relationship with the CEC to the LHD/SHNs and attends the DCG Forum. All other AHOs have links with partner LHDs who support them with clinical governance and represent them at the DCG Forum. There is a separate meeting with the large private hospital services through the Combined CEC, Regulation and Compliance Unit MoH & Private Hospitals Committee. Minutes of the DCG Forum are also distributed to the Health Services Association of NSW who represent the NSW AHOs.
49. The MOH Regulation and Compliance Branch has oversight of all Harm Score 1 incidents that occur in private hospital facilities. A SAER is undertaken for these incidents and submitted to the MOH and CEC, in line with the Private Health Facilities Act 2007 and Private Health Facilities Regulation 2017.
50. Coordination of clinical governance functions is supported by the Directors of Clinical Governance Forum which is organised by the CEC, and attended by the Directors of Clinical Governance from each LHD, SHN, SHS and SVHN together with a representative of the PSFU, MOH. It is also supported by the quarterly meeting jointly facilitated by the CEC and MOH for the LHD/SHN Health Care Quality Committee Board Chairs.

51. In addition, the Directorates of the CEC are responsible for the following governance committees:
- a. The Antimicrobial Stewardship Expert Advisory Committee (to reduce the development of antimicrobial resistance by leading a state-wide improvement program);
 - b. The Data & Analytics Governance Committee (to provide advice to the Chief Executive regarding co-ordination of data and analytics governance structures within the CEC, use, disclosure, quality, security and governance of data and analytics and legal and regulatory compliance);
 - c. Combined CEC, Regulation and Compliance Unit MoH & Private Hospitals Committee (to facilitate timely and regular communication across the three groups through a regular forum, a support and resource group for private sector clinical governance leads, to share information across agencies and advise on policy and projects including external to NSW Health);
 - d. The NSW Infection Prevention and Control Strategic Advisory Committee (to provide oversight of development and implementation of the IPAC/HAI program)
 - e. IPAC/HAI Operational Expert Advisory Committee (to advise on implementation, monitor and report on processes under the IPAC/HAI program);
 - f. The NSW Blood Management Governance Committee (the peak committee for blood management multidisciplinary strategies to conserve a patient's own blood, and safe and appropriate transfusion practice, development of a strategic plan and stewardship of blood products);
 - g. ISMS Steering Committee (to ensure appropriate policies to manage and protect sensitive data);
 - h. Life Saving Drugs Expert Advisory Group (to provide expert advice on life saving medicines including antidotes and antivenoms);
 - i. Maternity, Neonatal and Paediatric Stream Meeting (to oversee programs relating to maternity, neonatal and paediatric patient safety);

- j. Medical Device Governance Committee (to provide direction on the implementation of Therapeutic Goods Administration medical device reforms, monitor new technologies and oversee a workplan);
 - k. Medication Safety Expert Advisory Committee (to advise on medication safety, support safety initiatives, overs work to improve medicines use);
 - l. NSW High-Cost Medicines Subcommittee (to make recommendations to the NSW Medicines Formulary Committee as to whether a high-cost medicine should be included);
 - m. NSW Medicines Formulary Committee (the peak governance committee for medicines and therapeutic agents approved for initiation in inpatients in NSW public hospitals and health services. The Committee oversees the maintenance of the NSW Medicines Formulary);
 - n. NSW Mental Health Patient Safety Governance Committee (to monitor activities and outcomes of the Mental Health Patient Safety Program);
 - o. Opioid Stewardship Expert Advisory Group (to oversee the continuous improvement strategy to prevent hospital opioid-related harm);
 - p. Quality Audit Reporting System (**QARS**) Advisory Group (to provide expert advice on the development, content and governance of QARS);
 - q. Quality Improvement Data System (**QIDS**) Advisory Group (to provide expert advice on the development, content and governance of QIDS, and
 - r. Venous Thromboembolism Prevention Expert Advisory Group (**VTE EAG**) (to oversee the continuous improvement strategy to prevent hospital related VTE).
52. There are further meetings and processes between the CEC and MOH, particularly through:
- a. The Senior Executive Forum which brings together Chief Executives from across the health system to consider issues of system-wide interest, risk or opportunity including the development and implementation of policy and monitoring or health system performance;

- b. Daily Reportable Incident Brief (RIB) huddles which are attended daily during the work week by CEC, PFSU and Mental Health Branch to review reportable incidents for state-wide implications;
- c. Monthly CRAG meeting which has responsibility for the oversight of RIBSs and the management of serious adverse events;
- d. Incident notification from the private hospital system through the Regulation and Compliance branch of MOH, and
- e. The development and publication of Safety Alert Broadcasts that provide clinical advice on emerging patient safety risks.

F. QUALITY ASSURANCE PROCESSES

- 53. In addition to meeting the requirements for incident management already outlined, under Policy Directive *Australian Health Services Safety and Quality Accreditation Scheme in NSW Health facilities*, NSW Health services must be assessed against the National Safety and Quality Health Service (**NSQHS**) Standards over a three- year cycle and are required, at each assessment, to provide evidence to demonstrate implementation of the NSQHS Standards.
- 54. The CEC has the delegated responsibility for activities associated with monitoring and supporting effective implementation of the Australian Health Service Safety and Quality Accreditation Scheme (the Scheme). During accreditation, LHDs / SHNs are required to advise the CEC of any significant patient safety risks or issues that may impact on a Health Service's ability to maintain accreditation. The CEC supports the development of actions to mitigate risks and provides advice to PFSU about identified risks including proposed actions.
- 55. CEC reviews and monitors monthly accreditation outcomes and identifies themes arising which may have broader system implications.
- 56. Health Services are required to submit an annual attestation statement to their Accrediting Agency confirming that relevant systems are in place to ensure expected standards of safety and quality are met. This involves Health Care Boards providing a written affirmation of compliance with the NSQHS standards.

G. NSW HEALTH CLINICAL GOVERNANCE ENTITIES

NSW Public Health Organisation Clinical Governance Units

57. NSW Public health organisations are responsible for the quality and safety of the services provided by their facilities, staff and contractors. A common clinical governance framework informed by the National Model Clinical Governance Framework, and required by the Clinical Governance policy, has been embedded in public health organisations with LHDs and SHNs having a consistent organisational structure, including a CGU directly reporting to the Chief Executive.
58. The roles of the CGUs are to develop and monitor policies and procedures for improving systems of care. CGUs are responsible for facilitating the implementation of the clinical governance functions of the Health Service in collaboration with managers and NSW Health staff.
59. Where CGUs identify a concern with clinician conduct or performance, this must be reported to the Chief Executive for prompt action and management in accordance with *PD2018_032 Managing complaints and concerns about clinicians* (Exhibit 187 NSW Health Tranche 4 Consolidated Exhibit List). Depending on the particular circumstances, such action might include internal investigation; external investigation by a recognised expert; referral to the Health Care Complaints Commission (**HCCC**); referral to the professional registration council; or referral to another appropriate agency (e.g. NSW Ombudsman, Department of Family and Community Services).

H. HEALTH DISTRICT/SERVICE CLINICAL MANAGEMENT AND ADVISORY STRUCTURES

Clinical management structures

60. A key accountability of the Chief Executives of public health organisations is to ensure that the clinical governance and quality assurance structures and processes are known, respected and followed by all staff.
61. At the LHD level, clinical stream director roles or equivalent (where they are established), have well-defined responsibilities and their relationship to the health district management structure (at both hospital and local health district level) is clearly identified.

62. At the hospital level, the roles and responsibilities of general managers and heads of departments are clearly defined. Similarly, where hospitals function as part of a network, there are clearly defined responsibilities and lines of communication between key personnel.
63. There are also clear rules of engagement between clinical stream leads or directors, general managers and the LHD executive to ensure that all parties have appropriate input into the development, operation and standard of clinical services within their stream/facilities and across their LHD.

Bodies established under by-laws

64. Model By-Laws for LHDs and SHNs establish a number of clinical governance bodies and provide for a number of functional and advisory committees including:
 - a. A Health Care Quality Committee of the Board;
 - b. Medical Staff Councils, Mental Health Medical Staff Councils, and Medical Staff Executive Councils;
 - c. Hospital Clinical Councils and/or Joint Hospital Clinical Councils, and
 - d. a Local Health District Clinical Council.

Medical Staff Councils

65. Under the Model By-Laws LHDs are to establish a medical staff council (in the case of a SHN) and a medical staff executive council and at least two medical staff councils (in the case of an LHD).
66. Medical staff councils are to be composed of visiting practitioners, staff specialists, career medical officers and dentists with appointments to the public health organisation or the public hospital/s which the council represents.
67. All visiting practitioners, staff specialists, career medical officers and dentists of the public health organisation or the hospital are members of the medical staff council.
68. The medical staff executive council or the medical staff council (if there is only one council) is to provide advice to the chief executive and board on medical matters.

Medical and Dental Appointments Advisory Committee

69. The Model By-Laws also provide for establishing a Medical and Dental Appointments Advisory Committee (MADAAC) to provide advice and make recommendations to the chief executive concerning matters relating to the appointment or proposed appointment of visiting practitioners or staff specialists.

Hospital Clinical Councils/Joint Hospital Clinical Councils

70. Local health clinical councils operate at hospitals or hospital networks to promote clinician engagement in local management decision making. These forums are multi-disciplinary (i.e. involve medical, nursing and allied health staff).
71. The objectives of a hospital clinical council are to:
- a. provide a local structure for consultation with, and involvement of, clinical staff in management decisions impacting public hospitals and related community services;
 - b. be a key leadership group for its public hospital or hospital network and work with the management team in ensuring that the hospital/s deliver high quality health and related services for patients;
 - c. facilitate effective patient care and service delivery through a co-operative approach to the efficient management and operation of public hospitals with involvement from medical practitioners, nurses, midwives and allied health practitioners and clinical support staff; and
 - d. be a forum for information sharing and providing feedback to staff (through the members of the councils) on issues affecting the hospital(s).

Local Health District Clinical Council

72. LHD councils facilitate the input of clinicians into the strategic decision-making process and bring together the LHD executive, clinical stream leads/directors and general managers of hospitals/hospital networks on a regular basis.
73. Under the Model By-Laws the council provides the board and the chief executive with advice on clinical matters affecting the LHD, including on:
- a. improving quality and safety in the hospitals within the LHD;

- b. planning for the most efficient allocation of clinical services within the LHD;
- c. focusing on the clinical safety and quality of the health system for Aboriginal people;
- d. translating national best practice into local delivery of services;
- e. working with representatives from local communities to develop innovative solutions that address local community needs, and
- f. such other related matters as the board or chief executive may seek advice on from time to time.

I. CORPORATE AND FINANCIAL GOVERNANCE OF THE CEC

74. The CEC's specific functions are discussed at section E above, under the heading Roles and Functions of the CEC, but broadly, the role and responsibilities of the CEC are to lead, support and promote improved safety and quality in clinical care across the NSW health system through consultation and collaboration with clinicians, health consumers, other pillars and the NSW Ministry of Health, by:
- a. setting standards for safety,
 - b. monitoring clinical safety and quality processes, and
 - c. improving performance of individuals, teams and systems in prioritising safety.
75. As a pillar organisation the CEC sits at arms' length from the MOH and is designed to provide specialist services and support to frontline health teams in hospitals and care settings. The CEC is responsible both to its Board and to the Secretary, NSW Health, through its annual Performance Agreement. A copy of the 2023 - 2024 Performance Agreement between the CEC and the Secretary, NSW Health, is Exhibit 153 in NSW Health Tranche 4 Consolidated Exhibit List.
76. The CEC is required to comply with the requirements of the Corporate Governance Compendium.

77. The Board is currently made up of 11 members, including Professor Andrew Wilson who is the Board Chair and Deputy Secretary Luke Sloane. I am an ex-officio member of the Board.
78. In accordance with the Model By-Laws for a Board Governed Statutory Health Corporation, a copy of which is Exhibit 133 in NSW Health Tranche 4 Consolidated Exhibit List, there are 4 sub-committees of the CEC Board:
- a. Finance and Performance Committee,
 - b. Audit and Risk Committee,
 - c. Education and Research Board Sub-Committee, and
 - d. Consumer Board Sub-Committee.
79. The Board is responsible for ensuring that the CEC has in place appropriate corporate governance processes and, as Chief Executive, I am responsible to the Board for ensuring compliance with those processes. I provide the Board with a Corporate Governance Attestation annually, which the Board Chair signs and submits to MOH. The CEC's 2022-2023 Corporate Governance Attestation is Exhibit 188 in the NSW Health Tranche 4 Consolidated Exhibit List.
80. The CEC is also required to comply with the requirements of the NSW Health Performance Framework, including through meeting Key Performance Indicators (**KPIs**) set in the CEC's Performance Agreement. The CEC had a six-monthly Performance meeting with the Ministry of Health, where KPIs including financial and performance are discussed and monitored. KPI compliance is also monitored by the Board, through the Executive reporting to the Board on financial and operational performance.
81. As the Chief Executive, I lead the Executive, with the following roles, each supported by a Directorate, reporting to me:
- a. Medical Director of Patient Safety,
 - b. Director of Patient Safety,
 - c. Director of Systems Improvement,
 - d. Director of Capability and Culture,

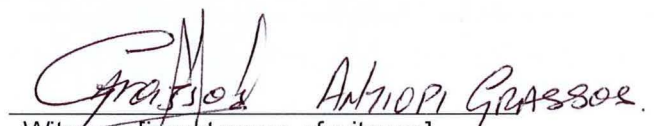
- e. Director of Information Management, and
 - f. Director of Corporate Services.
82. Terms of Reference for each CEC Board sub-committee and CEC committee is collectively Exhibit 155 in the NSW Health Tranche 4 Consolidated Exhibit List.
83. As part of the NSW Health corporate governance requirements, the CEC has a Strategic Plan 2021 – 2024 (Exhibit 189 NSW Health Tranche 4 Consolidated Exhibit List), which sets out the 4 key priorities:
- a. Embedded Safety Systems;
 - b. Safety Culture with Accountability;
 - c. Safety Priorities and Program, and
 - d. Safety Intelligence.
84. Over this year the CEC will be producing an updated strategic plan, consistent with the focus of the *Future Health Strategy*.

J. OPPORTUNITIES

85. The CEC is the leading entity in NSW Health responsible for system wide clinical governance leadership, the development of policy, strategy, workforce capability and accountable safety cultures as they relate to maintenance and improvements of clinical safety, the identification, development and dissemination of information about clinical safety and improvement, review and prevention and mitigation of adverse clinical incidents, and monitoring clinical quality and safety processes and outcomes.
86. Robust systems of clinical governance are essential to support high standards of safe care. The regulatory and governance functions of the CEC require it to be seen as a trusted centre of excellence, with superior technical and safety governance expertise and experience, and an ability to reliably provide authoritative advice.
87. As a pillar agency, the CEC provides expert authoritative and independent advice in relation to clinical governance, safety and improvement to the Minister, Secretary, Deputy Secretaries, the MOH, Executives, Boards, and Clinical Governance teams across NSW.

88. There is an opportunity to broaden CEC's role to enhance the monitoring and evaluation of safety and quality across the whole of NSW Health. This would involve the identification of outliers through surveillance monitoring as well as the development of predictive models for anticipating the potential for poorer safety and quality outcomes at a unit and LHD/SHN level.
89. The CEC established centralised clinical governance for the NSW Medicines Formulary, which in addition to contributing to safe, high-value care, supports the standardisation and reduction in unwarranted clinical variation as well as the quality use of medicines in the local health districts/specialty health networks. Similar clinical safety and quality expertise to standardise clinical practice could be used to inform future procurement, for example in the procurement of medical devices.
90. The Single Digital Patient Record is being led by eHealth, with the CEC providing a key contribution consistent with our roles and responsibilities as the NSW Health pillar agency for safety and quality. The role of the CEC is to ensure safety governance and assurance is applied rigorously and consistently, ensure statewide safety principles are applied and provide safety system expertise and advice, and its input into the Single Digital Patient Record project is informed by those imperatives.
91. Implementation of the Single Digital Patient Record and utilisation of artificial intelligence provides an opportunity for the CEC to monitor near or real time data to strengthen governance, support optimisation of safety and quality performance and improvement.


 Michael Nicholl


 Witness: [insert name of witness]

8/04/2024
 Date

8/04/2024
 Date