

Terms of Reference

Performance Committee

SDOC 24/7361

Purpose

The purpose of the Committee's work is to provide oversight, advice and assurance on sustainable financial and operational performance, the effectiveness of the management of financial and performance risk and opportunities, operational systems and capital projects of SNSW LHD within the organisational strategy and within the Chief Executive's delegation and authority.

Within this scope is:

- Financial strategy
- Financial performance
- Financial position (including funding, cashflow management and capital management)
- Service outputs
- Workforce strategy and management where related to operational and financial performance
- Capital projects
- Matters that the Board may refer to the Committee from time to time.

In connection with workforce strategy and management, the Committee will provide oversight over development of and performance against the Workforce Strategy, management of headcount and payroll within budgetary limits.

In connection with capital projects, the Committee will review major capital project Executive-level reporting with a view to providing assurance and advice.

The work of the Committee should support the SNSWLHD Board, Chief Executive and senior management.

Responsibility

The Performance Committee is responsible for:

- Monitoring and input into strategic and business planning as it relates to sustainable financial, operational (including workforce) and capital/asset performance.
- Oversight of the Budget and forward financial strategies
- Oversight of the setting of performance measures (including financial and activity targets) for the business and monitoring performance against them, including response to instances of poor performance
- Monitoring and input into the identification and management of financial and operational risks and opportunities
- Monitoring and reporting on effectiveness of the District's financial, operational (including workforce) and capital performance, including resource management, and

providing assurance of compliance with Service Agreement KPI targets and legislative and policy obligations

- Monitoring of the performance (financial and operating) against relevant KPIs in the SNSWLHD Strategic Plan
- Oversight of capital asset management, including the annual Strategic Asset Management Plan and the Asset Management Plan
- Review and recommendation to the Board the Delegations of Authority of the Chief Executive
- Provide advice to the Board and Chief Executive on matters related to capital infrastructure projects
- Provide advice to the Board or the Chief Executive on matters relating to the financial strategy, financial performance, financial position, service performance and workforce strategy that will promote the objectives and interests of the organisation
- Oversight, scrutiny and direction in other areas of financial and operation performance referred to the Committee by the Board

The Committee will function in accordance with the Corporate Governance and Accountability Compendium and the Performance Management Framework for the Ministry.

The Committee is directly accountable to the Board through the Committee Chair.

The Committee shall make recommendations to the Board on all matters unless the Board expressly delegates authority to the Committee to make decisions.

Composition

The Performance Committee membership is approved by the Board and comprises four Board members and the Chief Executive. Two Board members are required for a quorum. A Board member who is unable to attend a meeting/meetings may nominate another Board member to attend as their delegate for the period of absence.

All Board members are ex officio Committee members and therefore shall be entitled to attend and participate in Committee meetings.

The following Executive are to attend meetings of the Committee:

- District Director Operations
- District Director Finance and Performance
- District Director Mental Health Drug and Alcohol
- District Director People and Culture

Others are considered appropriate by the Chair and the Chief Executive.

Chair and Chair's Specific Duties

The Board is responsible for the appointment of Performance Committee Chair. The Chair cannot be the Chair of the Audit and Risk Committee.

The Chair shall ensure:

- in consultation with the Chief Executive and other Committee Members, schedule dates, times, agendas and locations of meetings;
- meetings are called and held in accordance with this Terms of Reference;
- the meeting agenda and relevant documents are circulated to Committee members 3-5 days in advance of meetings;

- committee members are aware of their obligations and that the committee complies with its responsibilities;
- discussion on agenda items is on topic, productive and professional;
- there is sufficient time to discuss agenda items fully; and
- the Board is notified of any material matters of performance concern or risk in the LHD in relation to activity, financial performance and capital management.

Reports for the Board

The Performance Committee is to report to the Board regarding its operations at least annually, or more often where deemed appropriate. This will include, but not be exclusive to:

- Assurance and advice regarding the reporting and forecast future financial performance and position, operational performance, workforce performance and capital performance.
- Assurance and advice regarding the business key performance indicators.
- Assurance and advice regarding the management of financial and operating performance risks and opportunities.

Under the current meeting format Performance Committee meetings are held on the same day as Board meetings, so regular reporting to the Board is not required.

From time to time, the Committee will provide recommendations to the Board of key documents, including the Committee's Terms Of Reference, relevant Service Agreement components, financial statements and the Committee's performance self-assessment.

Meeting Schedule and Procedures

The Performance Committee will generally meet monthly, unless otherwise determined by the Chair and agreed with the Board Chair.

An annual meeting schedule will be produced in November each year for the following calendar year.

A quorum is achieved with attendance by fifty per cent plus one of the membership, including two Board members.

The following procedures are in accordance with the SNSW LHD By-Laws:

- Any person may be invited by the Committee to attend a meeting of a Committee
- The Committee may approve a member or invitee participating from a location other than the place where the meeting is being held. Participation from another location may be by telephone, video or other electronic medium as is appropriate to the circumstances or the business being transacted
- Only members appointed to the Committee shall be entitled to vote at Committee meetings. A decision supported by a majority of votes cast at a meeting, at which a quorum is present, is to be the decision of the Committee. Board members (other than Board members appointed to the Committee) shall not be considered as part of the quorum for the committee.
- All Board members shall have the Committee meeting agenda and documents distributed to them as and when appointed Committee members are provided with the documents.

Special meetings may be convened by the Chairperson with approval from the Board Chair, with at least 24 hours' notice to each member and invitee.

Reporting Relationships

The Performance Committee receives reports from the following:

- SNSWLHD Clinical Costing Working Group
- Monthly Narrative Report provided by the District to the Ministry
- Ministry Quarterly Performance Review meeting

Ministry Monthly League Table

Indicators of Committee Effectiveness

Committee effectiveness is achieved if the Board:

- Is clear as to the status of the financial and operations performance and business performance of the District and;
- Identifies any non-compliance matters pertaining to financial and operations performance and refers them to the Board, Audit Risk and Governance Committee or Chief Executive as appropriate

Is aware of current finance and performance related risks and has confidence regarding their management. An annual self-assessment will be completed by the Committee.

Resources and Reports

To be able to provide the Board assurance of financial, performance and risk management, the Committee required, but is not limited to, the following information and analysis to be tabled:

- Finance report including actual performance against budget, forecast and previous financial year, cash flow, balance sheet (including working capital)
- Reporting against operational performance measures
- Asset Management reporting
- Procurement reporting
- Reporting against the Efficiency Improvement Plan
- Workforce drivers including FTE, leave, premium staff usage, productive and non-productive FTE indicators
- Reporting against a Workforce Plan/Strategy
- Executive reporting of progress and management of major capital projects
- Identification, status and information regarding mitigation strategy of risks impacting operational and financial performance, workforce management and major capital projects.
- Timely, transparent commentary summarising the current position and identifying key positive and negative issues or variances
- Executive reporting to the Committee will use the Financial Requirements and Conditions of Subsidy (Government Grants) - Delegation and Outcomes Matrix to clearly distinguish responsibilities of the Committee and the Audit and Risk Committee (Appendix A).

The Committee is authorised to seek information it requires from any employee of SNSWLHD, through the appropriate Executive, in order to perform its duties.

The Committee expect out-of-session updates from the Executive for matters that present current or potential, high or extreme risks to the District.

- The Agenda and supporting papers of the Committee are to remain confidential to the membership, staff in attendance and formal reporting structure unless specifically authorised for distribution by the Chief Executive.

Strategic Plan Alignment

The Performance Committee primarily aligns with:

Strategic Plan 2022 to 2026 - Strategic enabler Value and Sustainability

Secretariat

Finance Directorate will provide the primary secretariat support to the Committee.

The Secretariat will record the minutes and actions. Where required the Director of Finance will draft the Committee Board report for review and approval by the Committee Chair.

Terms of Reference Review

The Terms of Reference will be reviewed annually after the completion of the self-assessment.

Document Date

Recommended to the Board by the Performance Committee on 25 July 2023.

Endorsed by the Board on:

Version	Date	Update
01		Revised Terms of Reference in line with guidance from the Board Chair in June 2018
02	06 July 2018	Revised to include capital works and workforce strategy and management.
03	July 2020	Standardised TOR for all Board committees
04	October 2020	Further revision of Resources section
05	25 July 2023	Revised Terms of Reference
06	23 April 2024	Further revision to Composition section
07	23 July 2024	

References

Local Health District Model By-Laws pursuant to Health Services Act 1997 Sections 39 and 60.