
From: /O=HEALTH EXCHANGE/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=FE4699D876224D2A8DFFAAFF78F199F9-GOODIN on behalf of phn
Sent: Friday, 25 March 2022 2:39 PM
To: 'ben.tooth@nqphn.com.au'; 'tara.diversi@nqphn.com.au'
Cc: NESS, David; COTTERELL, Simon; phn; Robin Whyte; S22
Subject: Correspondence from Simon Cotterell [SEC=OFFICIAL]
Attachments: 20220325 Letter to NQPHN re Organisational Review.pdf

Dear Mr Tooth and Ms Diversi

Please find attached correspondence from Mr Simon Cotterell PSM, First Assistant Secretary, Primary Care Division.

Regards
David

David Ness
Assistant Secretary
Primary Health Networks Branch

Primary Care Division | Health Systems Policy and Primary Care Group
Australian Government Department of Health
T: 02 6289 8505 | E: david.ness@health.gov.au
Location: Sirius Building 8.N.114
GPO Box 9848, Canberra ACT 2601, Australia

The Department of Health acknowledges the Traditional Custodians of Australia and their continued connection to land, sea and community. We pay our respects to all Elders past and present.



Building a stronger,
healthier country
Yesterday
today and
tomorrow



Australian Government

Department of Health

Ms Tara Diversi
Mr Ben Tooth
Co-Chairs, North Queensland Primary Health Network
PO Box 7812
CAIRNS CITY QLD 4870

Dear Ms Diversi and Mr Tooth

Thank you for our conversation of 24 March 2022, and thank you for your leadership of the Northern Queensland Primary Health Network (NQPHN). As discussed, in 2021 the Department engaged PricewaterhouseCoopers (PwC) to undertake a baseline maturity assessment of all Primary Health Networks (PHNs) as part of the Department's PHN Assurance Framework. Following that baseline assessment, the Department will be commissioning performance and financial audits of around three PHNs each year to support continued improvement in the PHN program.

In the context of recent events, the Department considers it timely to conduct an audit of the NQPHN to help support its continuing stability and effective performance into the future. As discussed, there has been a history of tensions in the governance of the PHN between the organisation's members and its Board and among the various professions and sectors in the local health system. The Board's recent actions to commission its own independent review of governance and to address perceptions of conflict of interest are welcome. The Department would like to build on that review with our own independent audit to ensure full confidence in the NQPHN, including among the professions and the public.

Consistent with clause 6 of the Terms and Conditions of the 2015 Primary Health Networks Core Funding Agreement, the Department has decided to procure an auditor to conduct the review. The review will build upon the recent Baseline Maturity Assessment Process and will report on the effectiveness of NQPHN's arrangements for: financial management; governance; organisational capacity and capability; and probity and commissioning practices. The auditor will be asked to make recommendations to support the continued effective performance of NQPHN particularly relating to the governance roles of the PHN membership and its board, and to the management of relationships with the professions and other stakeholders in the region.

Once an auditor is appointed I will write further to confirm the timing of the review and its scope.

Yours sincerely

A handwritten signature in black ink that reads 'Simon Cotterell'.

Simon Cotterell ^{PSM}
First Assistant Secretary
Primary Care Division

25 March 2022

From: phn
Sent: Wednesday, 29 June 2022 4:51 PM
To: ben.tooth@nqphn.com.au; tara.diversi@nqphn.com.au
Cc: Robin Whyte; NESS, David; COTTERELL, Simon
Subject: Correspondence from Simon Cotterell [SEC=OFFICIAL]
Attachments: Simon Cotterell to Northern Queensland PHN - June 2022 - SIGNED AND FINAL.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Dear Mr Tooth and Ms Diversi,

Please find attached correspondence from Mr Simon Cotterell PSM, First Assistant Secretary, Primary Care Division.

Kind Regards,

Primary Health Networks Branch

Primary Care Division | Health Systems Policy and Primary Care Group
Australian Government Department of Health
T: (02) 6289 3746 | E: PHN@health.gov.au

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Australian Government

Department of Health

Ms Tara Diversi
Mr Ben Tooth
Co-Chairs, Northern Queensland Primary Health Network
PO Box 7812
CAIRNS CITY QLD 4870

Dear Ms Diversi and Mr Tooth,

As per our recent discussion and my letter of 25 March 2022, I am writing to formally advise that the Department of Health has engaged McGrathNicol to undertake a review of the Northern Queensland Primary Health Network's (NQPHN's) compliance with, and performance of, its obligations in the 2015 Primary Health Networks Core Funding Agreement.

The review will build upon the recent Baseline Maturity Assessment Process and will report on the effectiveness of NQPHN's arrangements for financial management; governance; organisational capacity and capability; and probity and commissioning practices. Further details are outlined in the attached Terms of Reference.

The auditor will report by the end of August; however we have asked for an interim report on the governance aspects by the end of July so we can share the findings with you as early as possible. McGrathNicol will be in touch with you shortly to introduce themselves. If you would like to contact McGrathNicol directly, please contact Shane O'Keeffe, Partner, at sokeeffe@mcgrathnicol.com or phone 0423 765 757.

The Department has provided McGrathNicol with the materials provided by NQPHN during the Baseline Maturity Assessment process as well as deliverables submitted under the Funding Agreement. Under the Standard Funding Agreement, PHNs are required to provide any additional documents and data requested.

I appreciate the support and availability of NQPHN in participating in the review. If you or your staff have any questions, the departmental contact is s22 s22 who can be contacted at s22 or via email: s22 @health.gov.au.

Yours sincerely

Simon Cotterell PSM
First Assistant Secretary
Primary Care Division

27 June 2022

**Performance and Financial Management Review
North Queensland Primary Health Network**

Terms of Reference

Purpose of the Review

To determine the extent to which the NQPHN has complied with its performance and financial management obligations under the Funding Agreement, including its structure, decision making processes and other arrangements relating to these. This performance and financial review will build on the findings of the baseline maturity assessment of NQPHN which assessed the organisation against six key qualitative domains: policies and procedures; people; governance and systems; risk and issues management; complaints management; and performance monitoring and reporting.

The review will have a particular focus on the governance and decision making processes of the organisation noting continuing instability of the Board over several years, and allegations of undue influence from particular professions and/or members of the organisation.

The review will also consider compliance and performance of NQPHN in the following areas:

- Governance and decision making processes;
- Financial management, planning and reporting;
- Organisational capacity; and
- Probity and commissioning practices.

Scope

For the purposes of determining compliance with, and performance under, the Funding Agreement, the scope will include, but is not limited to, the following items and activities.

Governance

A comprehensive review of NQPHN's corporate governance, systems, control frameworks, policies and procedures. This will include the following:

- Board capability (appointments are appropriately skilled, are independent and there are no significant gaps in the required skills/experience, training has been provided);
- roles and responsibilities are clearly stated and understood;
- professional conduct of the Board and senior staff, including professional behaviours and clear and ethical decision making processes;
- stability and effectiveness of the Board;
- circumstances and any relevant documentation regarding recent resignations of Board members;
- constitution and associated rules are adhered to;
- strategic plans in place and are regularly reviewed/ revised;
- relevant and appropriate governance systems in place and functioning well;
- risk management plan in place and being monitored;
- compliance with the Funding Agreement with the Department, including all Activities; and
- engagement and consultation is occurring with Clinical Councils and Community Advisory Committees to the clinicians and communities' satisfaction.

Financial management, planning and reporting

Undertake a review of the effectiveness of NQPHN's financial planning, management systems, internal control frameworks, policies and procedures.

The review will include an assessment of the following:

- financial governance/controls;
- delegations and authorisations;
- budget management;
- activities and associated costs funded through self-generated income (not by the Department or other funders) to determine any cross-subsidisation;
- compliance with any financial legislative responsibilities;
- accounts payable/receivable;
- statutory liabilities;
- risk management;
- asset management;
- procurement practices;
- receipts, banking, investments;
- adherence to the requirements of the Funding Agreement with the Department; and
- reporting.

Organisational capacity and capability

Confirm that NQPHN is on track with the review of its polices and procedures, including the effectiveness of key internal control frameworks. This will include the following:

- policies and procedures are appropriate and adhered to;
- stability of workforce; and
- local stakeholders are satisfied with NQPHNs performance, including but not limited to, the general practice community and local Aboriginal health organisations.

Probity and commissioning practices

Undertake a review of operational systems to support the efficient and effective identification of needs and commissioning of services including key internal control frameworks, policies and procedures. This will include the following:

- policies and procedures are in place and appropriately and adhered to;
- programs and services are appropriately managed, resourced and monitored;
- probity arrangements are in place for clear, transparent and ethical decision making in relation to the commissioning and funding practices of the PHN; and
- the PHN has documented how value for money was achieved.

From: phn <phn@health.gov.au>

Sent: 19 August 2022 14:56

To: Ben Tooth <ben.tooth@nqphn.com.au>; Tara Diversi <tara.diversi@nqphn.com.au>

Cc: david.ness@health.gov.au <david.ness@health.gov.au>; COTTERELL, Simon <Simon.Cotterell@health.gov.au>; phn <phn@health.gov.au>; Robin Whyte <robin.whyte@nqphn.com.au>; s22

<s22@health.gov.au>; s22 <s22@health.gov.au>; PHNB Inputs <PHNB.Inputs@health.gov.au>

Subject: Correspondence from Simon Cotterell [SEC=OFFICIAL]

Dear Mr Tooth and Ms Diversi,

Please find attached correspondence from Mr Simon Cotterell PSM, First Assistant Secretary, Primary Care Division; as well as the Interim Report focusing on NQPHN governance arrangements.

Regards

David

David Ness
Assistant Secretary
Primary Health Networks Branch

Primary Care Division | Health Systems Policy and Primary Care Group
Australian Government Department of Health
T: 02 6289 8505 | E: david.ness@health.gov.au
Location: Sirius Building 8.N.114
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BY THE DEPARTMENT OF HEALTH



Australian Government
Department of Health and Aged Care

Ms Tara Diversi
Mr Ben Tooth
Co-Chairs, Northern Queensland Primary Health Network
PO Box 7812
CAIRNS CITY QLD 4870
Cc: robin.whyte@ngphn.com.au

Tara Ben
Dear Ms Diversi and Mr Tooth,

I am writing to advise that the Department of Health and Aged Care (the Department) has received the interim report from McGrathNicol in relation to the governance aspects of the review of the Northern Queensland Primary Health Network (NQPHN), which commenced in June 2022.

I indicated in my letter of 27 June 2022 that I would share the governance findings with you as early as possible. Please find attached the interim report for your consideration.

Of note, the interim report has identified that NQPHN's constitution should be reviewed, particularly in relation to consideration and acceptance of new members.

The Primary Health Networks (PHNs) have matured significantly as organisations since their establishment in 2015 and it is important their corporate governance arrangements are regularly reviewed to ensure they reflect contemporary best practice and remain fit for purpose. As a large not for profit organisation that is significantly funded by the Commonwealth Government, I strongly encourage the Board of the NQPHN to review its Constitution as recommended in the report.

I would also like to thank you for the support and availability that NQPHN has shown throughout the review process.

Yours sincerely

Simon Cotterell PSM
First Assistant Secretary
Primary Care Division

18 August 2022

GPO Box 9848 Canberra ACT 2601
Telephone: (02) 6289 1555