



Department of Health, Disability and Ageing

Western Sydney Primary Health Network

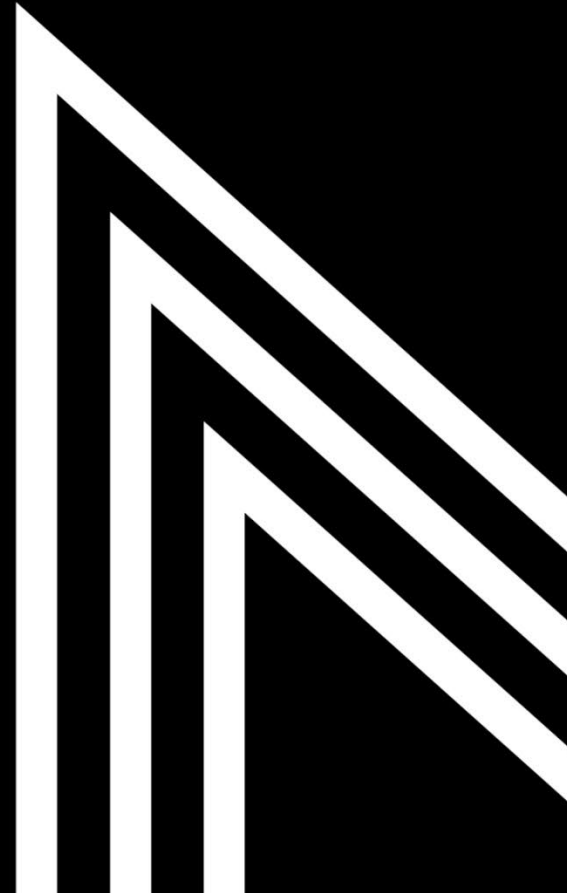
Organisation Review

Summary Report

1 September 2025



McGrathNicol



Scope of review

McGrathNicol have been engaged by the Department of Health, Disability and Ageing (the Department) to undertake a review of the Western Sydney Primary Health Network (WentWest), to determine the extent to which it has complied with its performance and financial management obligations under the funding agreements.

The review has considered compliance and performance of WentWest in the following areas:

- governance and decision-making processes;
- financial management, planning and reporting;
- organisational capacity and capability;
- probity and commissioning practices;
- stakeholder relationships;
- data management and governance; and
- the establishment, funding and operations of WentWest's subsidiary, Healthicare.

Introduction

In accordance with the *Commonwealth Grants Rules and Guidelines 2017*, the Department has established the *Primary Health Networks - Grant Programme Guideline* (GPG) which outlines the requirements that PHNs must adhere to in order to participate in the PHN initiative. A rolling program of PHN audits support the performance and operation of the PHN Program and provides assurance that PHNs are operating appropriately and in accordance with their legal and financial obligations.

McGrathNicol has been engaged to undertake a review of WentWest to determine the extent to which it has complied with its performance and financial management obligations under the GPG and Funding Agreement. The Department and WentWest stakeholders were engaged extensively as part of this audit.

This document is a summary of the review undertaken by McGrathNicol, collating all key recommendations and findings.

Disclaimer

This report has been prepared for the Department of Health, Disability and Ageing for the purpose set out in the Official Order dated 22 December 2023. In accordance with our usual practice, McGrathNicol expressly disclaims all responsibility to any other person or entity for any reliance on the content of this report.

The information in this report may not include all possible or relevant information in relation to the matter we have been instructed to investigate. Whilst every effort has been made to ensure the information contained in this report is accurate, McGrathNicol accepts no responsibility if the information ultimately turns out to be incorrect or not applicable. We note that, in issuing this report, McGrathNicol is not certifying that we have identified all relevant events and information. We have sought to identify all significant events from the information provided but provide no assurance that all such significant events and information have been identified.

We have not carried out a statutory audit, and accordingly an audit opinion has not been provided. The scope of our work is different to that of a statutory audit, and it cannot be relied upon to provide the same level of assurance.

We advise that neither McGrathNicol nor any member or employee of McGrathNicol undertakes responsibility in any way whatsoever, including by way of any errors or omissions arising through negligence or otherwise however caused to any persons other than the Department.

Scope of review included:

- board capability;
- roles and responsibilities are clearly stated and understood;
- determine how strategic decisions are made within the Board;
- constitution and associated rules are adhered to and meet the needs of WentWest;
- strategic plans in place and are regularly reviewed/revised;
- relevant and appropriate governance systems and control frameworks in place;
- compliance with the Funding Agreement and legislation; and
- identify recommendations for improvement.

Governance and decision-making processes

Key findings are set out below:

- McGrathNicol found WentWest's Constitution to be appropriate, considered and tailored to their activities.
- The WentWest Board has an adequate mix of skills required to oversee the delivery of the PHN program, and there was some evidence to support that the Board, Councils and Committees are actively involved in setting strategy, monitoring performance and overseeing operations.
- WentWest's membership currently sits at five Ordinary Members. Three of the five Members are Sydney universities, with the remaining being GP focused organisations. WentWest may wish to consider if the current membership base remains appropriate to support its operations and whether there is merit in broadening the base to represent a wider range of community perspectives.
- WentWest is currently developing a standalone conflict of interest (COI) policy, however it does have a COI Declaration Form which outlines what a COI is and when and how it should be declared. WentWest appears to have managed COIs in practice as documented in WentWest Board meeting minutes and COI Declaration forms in the commissioning sample testing. WentWest should continue to finalise and implement the formal COI policy and consider implementing a single, comprehensive COI register. Such a COI policy or procedure should also reference managing COI in relation to its membership base and subsidiary entities, such as Healthicare.
- Review of WentWest's 2020-2023 and 2024-2027 Strategic Plans shows the documents are public facing and appear to cover an appropriate breadth of issues. Both documents outline the strategy, mission, priorities, values and purposes of the entity. They utilise infographics to signpost key components while also elaborating in greater detail. As standalone documents, they contain sufficient detail to provide the organisation with strategic direction and to be able to communicate this strategy to stakeholders.
- In discussion with WentWest management, it was apparent that WentWest has a mature and well developed approach to stakeholder engagement. This was demonstrated by WentWest's five stakeholder frameworks which are aimed at building and maintaining relationships in the community.
- McGrathNicol have made no recommendations in relation to WentWest's governance and decision-making process.

Scope of review included:

- financial management practices;
- financial governance/controls;
- clear and transparent funding arrangements;
- delegations and authorisations;
- budget management;
- self-generated income;
- 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.

Financial management, planning and reporting

Key findings are set out below:

- Overall, with the exception of Healthcare related activities (see below), WentWest's financial management arrangements are considered generally sound for an organisation of this size and nature. Its documentation addressed key functions such as risk management; delegations and authorisations; procurement practices; and budgeting.
- In considering compliance with financial legislative responsibilities, we tested key financial management requirements against the *Australian Charities and Not-For-Profits Commission Act 2012* (ACNC Act) and did not identify any areas of departure or non-compliance from the ACNC Act.
- WentWest's risk management policies and procedures establish what appear to be strong guidelines for managing financial risk, with particular financial risks identified. Additionally, WentWest's Business Continuity Plan (due to be completed in March 2025) sets out how it will manage critical business breakdowns. WentWest may consider including specific scenarios related to breakdown of critical financial functions and consider creating a print-friendly format for displaying the Plan.
- WentWest provided its Budget Process which details the steps required to maintain the integrity of WentWest's process of budget and cost allocations. Ultimately, the budget process is managed by the Board, the Executive management team, and the Finance team. In regard to commissioning budget approval, although not detailed in its Budget Process, WentWest outlines delegation approval tiers for commissioning and all other procurement activity within the relevant document.
- WentWest does not appear to have a formal policy in relation to the management of receipts associated with expenses paid by the organisation. However, within its Purchasing Process there is guidance for the management of receipts, with more detail provided in the SharePoint Purchase Request System (End User Manual).
- Some aspects of the funding of WentWest's investment in Healthcare raised concerns as to compliance with Commonwealth funding agreements.
- Please refer to the 'Healthcare' section below for recommendations made in relation to WentWest's financial management, planning and reporting of its investment in Healthcare.

Scope of review included:

- human resource policies and procedures are in place and appropriate;
- staff procurement/recruitment framework and policies/procedures;
- work health and safety policy;
- feedback, compliments and complaints framework and policies/procedures;
- list/description of training provided to Directors and staff; and
- paperwork regarding recent resignations and turnover of staff from the past 12 months.

Organisational capacity and capability

Key findings are set out below:

- WentWest's suite of human resources policies covers all essential topics, with each policy detailing the required actions.
- WentWest provided a copy of its Asset Register for review, which details assets and equipment purchased by the organisation. Overall, WentWest's IT infrastructure appears to be appropriate, contemporary and sufficient to meet business needs.
- WentWest provided a list of current property leases for its two locations in Westmead and Rooty Hill. Upon review of the documents provided, the locations and lease dates appeared appropriate for the purposes of conducting PHN functions.
- No recommendations in relation to WentWest's organisational capacity and capability were made.

Scope of review included:

- policies and procedures are in place and appropriately adhered to;
- probity arrangements are in place for clear, transparent and ethical decision making in relation to the commissioning and funding practices;
- the PHN has documented how value for money was achieved;
- commissioning practices are culturally appropriate; and
- commissioning activities under Funding Agreements reflect the approved Activity Work Plan details.

Probity and commissioning practices

Key findings are set out below:

- McGrathNicol has undertaken a review of WentWest's documentation related to the needs assessment and commissioning process including key internal control frameworks, policies, and procedures.
- Overall, the documentation provided by WentWest in relation to the commissioning cycle is comprehensive and robust. The content reflects the Department's guidance for commissioning. WentWest has also established robust probity arrangements to ensure clear, transparent, and ethical decision-making in its commissioning and funding practices.
- WentWest's Conflict of Interest Declaration form is the primary document, outlining that WentWest will manage COIs by requiring everyone to avoid conflicts where possible, identify and disclose any conflicts, and carefully manage any conflicts and respond to any breaches. WentWest does not appear to have a consolidated COI declaration register to provide historical records of declared conflicts and methods of mitigation employed. However, WentWest are in the process of developing a COI Policy and McGrathNicol encourage WentWest to consider developing a consolidated COI register.
- McGrathNicol tested 10 commissioned contracts to determine if controls were in place for clear, transparent, and ethical decision making. In addition to testing whether linkages to WentWest processes were clear and whether WentWest has documented how value for money (VFM) was achieved, McGrathNicol tested how clear the link between the commissioned activities and the PHN's Health Needs Assessment (HNA) and Activity Work Plans (AWPs) were, as well as seeking clear evidence of consultation with the community regarding commissioned activities.
- Overall, we found that WentWest's retention of commissioning related documentation is generally sound. WentWest was responsive in fulfilling all commissioning contract related information requests. This points to positive record-keeping practices whereby documentation is organised and easily accessible. Of the documentation provided, WentWest was able to demonstrate retention of contractual agreements, evidence of approvals and endorsements of commissioning activity, evidence of monitoring and evaluation where available, and linkage to the HNA and AWPs where criteria was fully satisfied for all selected contracts, except one.
- However, WentWest was generally unable to provide evidence to demonstrate consideration of VFM. WentWest have explained that VFM is always considered by the organisation when commissioning or recontracting. However, McGrathNicol was only provided with documented evidence showing such considerations in three out of 10 selected contracts. One such instance of VFM being clearly demonstrated by WentWest was shown through an Evaluation Panel Report which detailed the Expressions of Interest (EOI) from respondents, rationale for each and the final recommendation.
- Other areas where WentWest could strengthen its commissioning and procurement processes is documenting evidence of stakeholder engagement in the pre-procurement process and retaining appropriate EOI or Request for Tender (RFT) documents. This documentation is particularly important in the case of WentWest's recontracted services.

Probity and commissioning practices

- We have made one recommendation in relation to WentWest's probity and commissioning practices:
 - It is recommended that WentWest review its commissioning and procurement processes for areas where documentation could be strengthened. Based on sample testing, this would likely include evidence of stakeholder engagement; VFM considerations; and retention of appropriate EOI or RFT records. Clear and detailed documentation of decision-making is particularly important when recontracting commissioned service providers. We note there is a level of discretion that can be applied to documentation of these steps according to value and/or perceived risk levels for each procurement. However, there should be records demonstrating how these decisions and considerations were made in order to validate WentWest's propensity to recontract rather than approaching the market in all cases.

Scope of review included:

- appropriateness of IT infrastructure;
- data management arrangements;
- progress against Baseline Maturity Assessment;
- funding of data collection; and
- data migration plans related to Primary Health Insights (PHI).

Data management

Key findings are set out below:

- Overall, WentWest's data governance and cybersecurity arrangements appear mature, robust and well documented. WentWest management explained that the organisation has been accredited under ISO 27001:2022 which is ahead of the due date set by the Department (June 2026).
- Regarding quality improvement activities, WentWest has undertaken a range of initiatives, including strong participation by local GPs in PIPQI and establishing WentWest's Health Intelligence Unit (HIU).
- Further, WentWest is delivering projects through the Department's Data and Analytics Centre of Excellence (CoE) Program. These contribute to activities overseen by the national PHN Data, Insights and Technology Coordination Committee. WentWest relays progress on activities and opportunities for other PHNs through multiple communication channels. This includes peer-to-peer conversations across data-specialists from each PHN, CEO level conversations through the PHN Cooperative, and verbal updates and showcases at relevant events.
- McGrathNicol undertook a review of WentWest's data management arrangements, including data migration plans related to PHI. PHI is a storage and analytics platform that hosts the de-identified GP and other primary health data of most of the PHNs across Australia.
- At the time of the review, WentWest advised that the organisation had successfully completed its migration to PHI with two data sets uploaded and available for accessing analytical capabilities in the PHI collaborative zones.
- No recommendations in relation to WentWest's data management were made.

Scope of review included:

- WentWest Board meeting minutes;
- Healthicare Board meeting minutes;
- the WentWest Neighbourhood Health Hub (NHH) Business Case;
- WentWest's financial records;
- self-generated income; and
- compliance with any financial legislative responsibilities.

Healthicare

Key findings are set out below:

- As part of this review, McGrathNicol considered the background of the establishment of Healthicare. This was compiled through WentWest's Board minutes, financial information and other supporting information, and from consultations with a number of WentWest's Directors and executive staff.
- WentWest have indicated that Healthicare was established as a subsidiary of WentWest to provide an expanded range of primary care services to a population area in Western Sydney with high health needs and service gaps, and to support local primary care practitioners to better meet the needs of patients with complex health and social welfare issues. At the time of our review, Healthicare was in its first year of operating. McGrathNicol undertook an assessment of the relevant governance arrangements and financial management practices.
- WentWest claimed all funding used to establish Healthicare was sourced from an 'Unencumbered Funds' account belonging to WentWest. These funds include surpluses generated from operating efficiencies. McGrathNicol sought to understand the sources of funding and respective expenditures in relation to Healthicare to the extent possible, noting some limitations to the availability of data.
- The establishment of Healthicare by WentWest raised potential concerns as to the use of Commonwealth funding. In particular, we found WentWest's definition, recording and use of 'Unencumbered Funds' to be potentially not in accordance with the Commonwealth's funding arrangements.
- WentWest acknowledged a potential conflict of interest present in the relationship between WentWest and Healthicare (by virtue of it being a subsidiary company). WentWest acknowledged that complete removal of possible COIs would only be realised upon absolute separation and independence of the two entities. As such, WentWest may wish to consider additional controls and practices it could implement to avoid eventuation of any potential conflicts.
- We have made three recommendations in relation to WentWest's establishment of Healthicare:
 - It is recommended that WentWest re-evaluate its practices regarding accumulation and use of 'Unencumbered Funds' and ensure it does not include Commonwealth funding.
 - It is recommended that WentWest refine its financial management and record-keeping practices. Well maintained records would facilitate easy access of documents and retention of corporate knowledge in the event of staff turnover.
 - It is recommended that WentWest reassess its practices regarding reporting of unspent funds through the annual audited acquittals.

