



Financial Management Compliance Policy Directive

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**Government
of South Australia**

SA Health

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Financial Management Compliance Policy Directive

1. Policy Statement

This policy directive provides the overarching principles to achieving financial management compliance across SA Health. It outlines the level of responsibility and performance required by all SA Health employees to ensure compliance with the relevant financial obligations applicable to SA Health.

This policy directive specifically meets the requirements of Treasurer's Instruction 28 *Financial Management Compliance Program* (TI 28) and TI 2 *Financial Management*. Adherence with this policy directive minimises the risks of non-compliance of SA Health with applicable financial management legislation, Treasurer's Instructions (TIs), SA Health policy, and other financial management policies/requirements of the State.

2. Roles and Responsibilities

2.1. Chief Executive, Department for Health and Wellbeing (DHW)

The Chief Executive (CE) is responsible for:

- > ensuring compliance with applicable financial management legislation
- > ensuring robust and transparent financial management compliance programs (FMCPs) have been developed, implemented, documented and maintained
- > approving the annual FMCPs for SA Health (one for DHW & SA Ambulance Service (SAAS), and another for the Local Health Networks (LHNs)). This is undertaken via the development of the respective Control Self-Assessments (CSAs).
- > allocating the appropriate resources to develop, implement, maintain and improve SA Health's FMCPs
- > ensuring that financial management compliance failures are dealt with appropriately
- > addressing any irregularities or internal control/governance failures, within a reasonable time frame, as identified by the Auditor-General and other assurance providers, and
- > advising the Under Treasurer of any TI breaches by 31 August each year.

2.2. Local Health Networks Governing Boards and Chief Executive Officers

Each public authority's Local Health Networks Governing Boards and Chief Executive Officer (CEO) is responsible for:

- > the governance and oversight of the LHN's financial management compliance, which contributes to the integrity of the Annual Financial Statements Compliance Certification, and
- > promoting a positive compliance culture.
- > ensuring compliance with applicable financial management legislation
- > ensuring that financial management controls are implemented and operating effectively across their public authority
- > identifying financial compliance failures and ensuring that they are dealt with appropriately and in a reasonable time frame

- > addressing any irregularities or internal control/governance failures, within a reasonable time frame, as identified by the Auditor-General and other assurance providers
- > allocating appropriate resources and assigning responsibility for the CSAs to appropriate senior officers and ensuring they understand their responsibility to comply with all financial requirements, and
- > as required, ensuring that specific controls validation reviews are developed and performed for their public authority, confirming the accuracy of the reported responses submitted in the CSAs.

In particular, Chief Executive Officers will be responsible for:

- > ensuring financial management compliance of activities performed by a third party on behalf of the LHNs/SAAS eg. DHW, Statewide Clinical Support Services or Shared Services SA
- > assessing their level of financial management compliance, through the completion of their respective Control Self-Assessments (CSAs)
- > certifying CSAs for the LHN/SAAS to confirm its completeness and accuracy
- > submitting the certified CSAs to the DHW Policy and Compliance team by the identified due date
- > monitoring and updating action plans that arise from the completion of the CSAs, as well as ensuring these action plans are being resolved in a timely manner, and
- > reporting TI breaches to the CE (via Group Director, Risk, Assurance and Integrity Services) before 31 August each year.

2.3. Chief Financial Officer, DHW

The Chief Financial Officer (CFO), DHW is responsible for:

- > distributing and reporting on the annual FMCPs; which measure compliance across SA Health
- > allocating the appropriate resources to develop, implement, maintain and improve SA Health's FMCPs
- > informing the CE, SA Health and the Risk Management and Audit Committee on all relevant financial management and governance matters, and
- > reporting all TI breaches identified to Risk, Assurance and Integrity Services.

2.4. Policy and Compliance, Corporate Finance Services

The Policy and Compliance team is responsible for:

- > annually developing the FMCPs for DHW and SAAS, and for the LHNs
- > developing and distributing the CSAs for DHW, SAAS and the LHNs, compiling the submitted responses and reporting said results
- > DHW and SAAS only, developing and performing specific controls validation reviews, confirming the accuracy of the reported responses submitted in the CSAs and preparing all associated reports
- > maintaining and reporting on applicable financial management compliance issues and breaches, and
- > reviewing and investigating compliance concerns and issues to determine non-compliance, and escalating financial management concerns and issues to the pertinent Executive.

2.5. SA Health Employees

All SA Health employees are responsible for:

- > adhering to financial management compliance obligations relevant to their position
- > performing their duties in an ethical lawful and safe manner, and
- > reporting and escalating financial management compliance concerns, issues and non-compliance to their line manager or by emailing the Policy and Compliance team HealthOraclePolicyandCompliance@sa.gov.au.

3. Policy Requirements

The *Public Finance and Audit Act 1987* is the framework for financial management and requires for the auditing and examination of the degree of efficiency and economy with which public resources are used. The TIs support and expand on legislation, and are complemented by SA Health's financial management policies and State regulatory requirements.

Financial management controls must be designed and implemented to operate effectively across SA Health. SA Health must develop and foster a compliance culture where compliance risks and obligations are clearly communicated and delegated through established formal reporting lines.

All SA Health employees are responsible for complying with the financial management related obligations arising from pertinent financial management legislation and regulations, TIs, SA Health policy, and other financial management policies/requirements of the State.

Adequate resourcing must be assigned to manage compliance obligations which develop, implement, document and maintain robust and transparent FMCPs that measures compliance with all applicable requirements on an annual basis.

3.1. Scope of compliance

Financial management compliance must include consideration of financial management risks and the identification of compliance obligations. The addressing of irregularities or internal control/governance failures identified by assurance providers must be resolved by the public authority in a timely manner.

Financial management compliance must consider Shared Services SA (SSSA) internal control governance, relating to tasks undertaken on behalf of SA Health; the Annual Internals Control letter will provide assurance on these control activities.

Financial management compliance failures must be identified and dealt with appropriately. The CE/CEOs/LHN Governing Board and the respective Risk Management and Audit Committee must be informed on all relevant financial management compliance and governance matters within a reasonable time frame.

3.2. Control Self-Assessment

Annually, all SA Health entities must assess their level of compliance, through the completion of their FMCP related CSA. This ensures that compliance management practices are integrated into financial management processes and systems. CSAs must be conducted once CE approval has been obtained. The CSAs must be submitted to the CFO, DHW by the identified due date.

In addition, validation reviews are a critical component in underpinning the principles of *Compliance Management Systems* ISO 19600 (AS 3806). Independent validation reviews substantiate the pertinent responses and control failures, as identified in the CSA, and provide recommendations for the business to ensure compliance with their internal controls.

3.3. Reporting

3.3.1. CSA results

The CSA results must be reported annually to the CE and CEOs, who will then table at the pertinent Audit and Risk Management Committee. The expectation is that any CSA breaches identified will be addressed as per the CSA action plan.

3.3.2. Treasurer's Instruction breaches

All TI breaches identified by SA Health will be reported to the Risk, Assurance and Integrity Services team, who will facilitate the annual TI breach reporting by 31 August.

3.3.3. Other breaches

Other breaches identified (eg. legislative, policy and other governing frameworks) by individuals should be reported through the individual's line manager or email the Policy and Compliance team. Management must investigate the breach and appropriately report and remediate the issue in a timely manner.

4. Implementation and Monitoring

Certified CSAs, as part of the annual FMCPs, are the primary tool used by SA Health to ensure financial management compliance. An independent controls validation program is to be implemented to ensure that controls are operating consistently with the CSA responses, and compliance requirements are met.

Compliance with this policy directive may be assessed by both internal and external audit.

5. National Safety and Quality Health Services Standards

N/A

6. Definitions

In the context of this document:

- > **assurance provider** is the person or team which reviews, assesses and reports on the business's financial management compliance. They include the Auditor General, Risk, Assurance and Integrity Services and the Policy and Compliance Team.
- > **Control Self-Assessment (CSA)** is an annual self-assessment, detailing SA Health's performance in meeting its financial management internal controls and compliance activities. The basis of the CSA is derived from the Financial Management Compliance Program, governed by TI 28 and it incorporates the mandated financial management legislative requirements, SA Health policy, and other financial management policies/requirements of the State.
- > **employee** is a person whether remunerated or not, working on SA Health's behalf, including part time staff, full time staff, sub-contractors, temporary staff and volunteers.
- > **Financial Management Compliance Program (FMCP)** is a series of activities, that when combined, validate that controls are in place to ensure adherence with stipulated financial management requirements/obligations applicable to SA Health.
- > **financial management legislation** includes the *Public Finance and Audit Act 1987*, *Public Corporations Act 1993*, *A New Tax System (Goods and Services Tax) Act 1999*, *Fringe Benefits Tax Assessment Act 1986*, *State Procurement Act 2004*, Treasurer's Instructions, and Treasurer's Instructions (Accounting Policy Statements).

- > **non-compliance** is a failure of a public authority’s financial activities to follow specific policy, rules or regulations. They include, but are not limited to, non-compliance with the requirements of legislation, the Australian Accounting Standards, Treasurer’s Instructions, the Accounting Policy Framework, SA Health mandated policies and other policy requirements of the State.
- > **SA Health** is the brand name for the health portfolio of services and agencies responsible to the Minister for Health and Wellbeing. SA Health is the corporate identity for the portfolio only and not the legal entity. The legal entities include the Local Health Networks, SA Ambulance Service and the Department for Health and Wellbeing (as an administrative unit under the Public Sector Act 2009).

7. Associated Policy Directive/Policy Guidelines and Resources

- > AS ISO 19600 Compliance Programs
- > [Controls Self-Assessment Factsheet](#)
- > [Controls Self-Assessment FAQs](#)
- > Department of Treasury and Finance's Financial Management Compliance Checklist (DTF Extras access required)
- > [Financial Management Internal Controls Factsheet](#)
- > SA Health’s Financial Management Compliance Program (performed annually)
- > [System-wide Integrated Compliance Policy Directive](#)
- > [Treasurer’s Instruction 2 Financial Management](#)
- > [Treasurer’s Instruction 28 Financial Management Compliance Program](#)

8. Document Ownership and History

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22/01/2015	1.2	Portfolio Executive	Original PE approved version



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