

CORPORATE GOVERNANCE STATEMENT

The Board of Directors

The Board is the governing body of the Victorian Doctors' Health Program (VDHP), a company limited by guarantee. Its powers are set out in the VDHP's Constitution. The adoption of any proposed changes is subject to the approval of the membership at an annual general meeting, or at a special general meeting.

Composition of the Board

Under the Constitution, the minimum number of Directors is seven and the number required for a quorum, is three. The maximum number of Directors may not exceed nine.

Three directors are appointed by the Medical Practitioners Board of Victoria, three directors appointed by Australian Medical Association (Victoria) Ltd and the Chairman by agreement with the two entities.

Role and Responsibilities of the Board

The Board is responsible for the overall corporate governance of the VDHP and is primarily responsible for:

- Approving the strategic direction of the VDHP as well as the annual budget and business plan and monitoring its performance against the strategy
- Establishing policy and procedural principles, including governance requirements, consistent with legal requirements and community expectations
- Ensuring the membership of the Board is a balanced one, with the necessary skills and experience as identified from time to time by the Board in alignment with its strategic directions
- Appointing the Medical Director and monitor his/her performance
- Overseeing and reviewing the management of the VDHP and its performance
- Approving and monitoring systems of control and accountability
- Overseeing and monitoring the assessment and management of risk within the VDHP
- Approving significant commitments and expenditures, as required.
- Determining delegations of authority

Term of office

All Directors, except the chairman, are appointed for a term of three years.

The role of the Chairman

- Chairing the Board and ensuring that meetings are conducted in a professional manner where all members are able to contribute and that decisions and recommended actions taken are clear at the meeting and that the minutes are an accurate reflection of proceedings
- Approval of meeting agenda
- Approval of draft minutes within five working days of receipt
- Working effectively and collaboratively with the Medical Director and the whole VDHP community including the Medical Practitioners Board of Victoria and Australian Medical Association (Victoria) Ltd.
- Leading an effective Board in all appropriate forums to promote the VDHP and support and enhance its activities

The Medical Director is responsible for

- Leading and managing the organisation
- The internal work culture, the employment of the staff and for financial management and control

- Implementing the Board's policies and ensuring appropriate strategies for such implementation
- The effective and efficient operation of the VDHP
- Ensuring that Directors are provided with accurate and clear information in a timely manner to promote effective decision making by the Board
- Ensuring that all material matters affecting the VDHP are brought to the Board's attention
- Meeting the key performance indicators set by the Board of Directors

Independent Professional Advice

In fulfilling their duties, each Director may obtain independent professional advice at the VDHP's expense, subject to prior approval of the Chairman, whose approval will not unreasonably be withheld.

Performance assessment

The Board will consider a formal assessment of its effectiveness in respect to the Chairman and all Directors.

Board committees

The Board may form committees on a needs basis. The VDHP currently has two sub committees, the Finance and Audit and the Quality and Case Review.

Finance and Audit Committee

The purpose of the Finance and Audit Committee is to review and monitor the financial affairs of the VDHP. The Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal controls. The committee's role is to

- Review the integrity of the VDHP's financial and external reporting
- Appoint the external auditor
- Assess the external auditor's activities, scope and independence
- Review management processes for identification of significant business risks and exposure
- Assess the adequacy of management information and internal controls
- Ensure that the VDHP is maintaining appropriate controls and processes against conflicts of interest and fraud

The members of the Finance and Audit Committee are:

- four members of the Board
- the Medical Director and Accountant/Bookkeeper (in attendance)

Quality and Case Review Committee

The purpose of the Quality and Case Review Committee is to provide advice in regard to the management of selected de-identified cases. The committee's role is to:

- Meet regularly with clinical staff to provide advice and guidance in accordance with the Medical Practice Act 1994.
- Provide advice and guidance to clinical staff on a needs basis in between meetings.

The members of the Quality and Case Review Committee are:

- three members of the Board
- the Medical Director, the Senior Clinician and the Psychologist/Case Manager (in attendance)

Risk management

The Board recognises the importance of managing the risks associated with the VDHP's operations. While the identification, monitoring and reporting of risks occurs periodically, management reviews the Risk Management Plan periodically to ensure its ongoing relevance.

The Risk Management Plan represents a component of the VDHP overall internal controls. Other internal controls include:

- Establishing a company-wide Code of Conduct
- The adoption of written policies and procedures
- The establishment of delegation levels of financial and Human Resources authority
- A network disaster recovery plan

External auditors

The VDHP policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually. HLB Mann Judd was appointed as the external auditors in 2001.

The external auditor is requested to attend the Annual General Meeting and be available to answer members' questions about the conduct of the audit and the preparation and content of the audit report.