



## TARANAKI DISTRICT HEALTH BOARD

### INTERNAL AUDIT REVIEW HAWERA HOSPITAL

Investigation into Announcement of Potential Closure of  
Hawera Hospital Inpatient Services

*July 2002*

#### EXECUTIVE SUMMARY

Deloitte, in their capacity as Contract Internal Auditors to Taranaki District Health Board (TDHB), were requested to determine the events over the 14 days prior to the notification to staff at Hawera Hospital that inpatient services were to be temporarily closed and to review and consider the roles of management and the Hawera Hospital Steering Committee during this time.

#### **Our Findings and Recommendations Include:**

In our opinion, no single event or action is the cause of the industrial relations and public relations fall out from the notification to staff of the potential temporary closure of inpatient services.

#### ***Inadequate Human Resources Capability***

##### *Finding:*

The senior human resource position is not getting sufficient appropriate management attention. This is because this position is being temporarily filled on a shared time basis by another senior manager with other full time responsibilities.

##### *Recommendation:*

The CEO should take steps to ensure the General Manager Human Resources position is filled on a more appropriate basis.

#### ***Inappropriate Management Structure***

##### *Finding:*

The organisational structure does not reflect the two principle functions of a District Health Board (DHB), funder and provider. This has lead to blurred responsibilities and accountabilities which in our view has reduced the effectiveness of the senior management team.

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*Recommendation:*

The CEO should change the organisation structure and role descriptions to more clearly define responsibility for the two different functions of the DHB. This should include the appointment of a single senior manager with overall responsibility for the management of the provider function.

**Poor Communication Amongst Management**

*Finding:*

Communication amongst senior managers is not full and open, consequently not all senior managers may be aware of significant issues or have the opportunity to contribute to their solution.

*Recommendation:*

Structural changes recommended above should assist this but further senior management meetings should cover all important issues facing the organisation so as to promote management effectiveness and efficiency.

**Lack of Communication With Staff:**

*Finding:*

This incident would indicate that TDHB do not comply with the spirit of their communication obligations to staff under the Public Health and Disability Act (PHAD) and collective employment agreements. Under the PHAD Act all DHB's are required to be good employers.

*Recommendation:*

TDHB ensure that it fully complies with its obligations to communicate to staff, including informing and consulting with staff and union representatives on contingency planning events at least one month (in line with expectations in staff collective agreements on change management) before the potential contingency plan would need to be put into action.

**Unauthorised Disclosure to Media**

*Finding:*

We were not able to determine how the information was passed to the media.

*Recommendation:*

The Board and staff should be reminded of their responsibilities in terms of disclosure of information outside the organisation and ensure that they are made aware of their responsibilities as spelt out in the provisions of the Protected Disclosures Act 2000.

**Recruitment of Locums**

*Finding:*

We assess the activities undertaken in the period leading up to the end of June to recruit temporary locums at Hawera Hospital to be adequate.

*Recommendation:*

Efforts to recruit locum cover (in addition to the White Cross contract) be continued. If successful, this should reduce the cost of locum cover (in total) until permanent MOSSs arrive in August/September 2002.

**Recruitment of Permanent MOSSs**

*Finding:*

We assess that the recent recruitment activities for permanent MOSSs at Hawera Hospital were very successful. [see note 1]

**Role of Hawera Hospital Steering Committee**

*Finding:*

We assess external stakeholders, and in particular the HHSC, were adequately informed of the difficulties being experienced recruiting locums to bridge the time gap between the termination of physician contracts with Hawera Hospital and the employment of permanent MOSSs, however, one issue of concern is the

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secrecy surrounding the minutes of the HHSC for the purposes of maintaining privacy over contract provisions for many of the staff employed at Hawera Hospital.

*Recommendation:*

Processes for minuting meetings for the Hawera Hospital Steering Committee (HHSC) should be changed to increase the transparency and improve the public disclosure.

A Board member be appointed to the HHSC to ensure open communication with this important stakeholder group.

**Risk Management**

*Finding:*

In our view there would appear to have been little awareness or consideration at any level within the DHB of the risks of public and political reaction that a temporary closure of inpatient services at Hawera Hospital would expose the DHB to.

With the exception of the lack of awareness or consideration of the public and political risk aspects associated with this incident we don't consider any manager acted inappropriately or unreasonably given their knowledge of events.

While ultimate responsibility for organisations systems at an operation level rests with the CEO we believe that individual senior managers have a responsibility to make themselves aware of and fully understand their obligations under legislation or similar contract.

Consequently we believe that all the senior managers we spoke to were remiss in apparently not having done this.

*Recommendation:*

The obligations imposed on the DHB by the PHAD and the Crown Funding agreement need to be better understood by senior management and the Board.

**Management Response:**

Management of TDHB has had the opportunity to review a draft of this report and have advised that they endorse the recommendations contained in this report.

## Note 1

### 1. Recruitment of Permanent MOSSs

**Considerable efforts have been undertaken since the Taranaki District Health Board (TBHB) endorsement of the Pisk report recommendations to recruit permanent Medical Officers of Special Scale (MOSS). Refer to Appendix F for a discussion of the difficulties associated with recruiting senior medical staff to small rural hospitals.**

*Findings:*

**Based on the evidence we reviewed, we assess that the recruitment activities for permanent MOSSs at Hawera Hospital was very successful. The activities were neither excessive from a cost perspective nor deficient in terms of intensity of the search.**

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