

Staff Specialists Rights of Private Practice Disbursement of Funds No 2 Accounts

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Functional Sub group Corporate Administration - Finance

Summary This policy sets out the procedures for disbursement of the funds accrued in the No 2 Accounts which all public health organisations are required to establish as sub-ledgers in their Special Purpose and Trust Account.

Replaces Doc. No. Salaried Senior Medical Practitioners/Rights of Private Practice Disbursement Funds No 2 Accounts [PD2005_324]

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Applies to Local Health Districts, Board Governed Statutory Health Corporations, Chief Executive Governed Statutory Health Corporations, Affiliated Health Organisations, NSW Ambulance Service, Ministry of Health

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Status Active

Director-General

This Policy Directive may be varied, withdrawn or replaced at any time. Compliance with this directive is **mandatory** for NSW Health and is a condition of subsidy for public health organisations.

STAFF SPECIALISTS RIGHTS OF PRIVATE PRACTICE DISBURSEMENT FUNDS NO 2 ACCOUNTS

PURPOSE

The purpose of this Policy Directive is to set out the procedures for disbursement of the funds in the No 2 Account ledgers in the SP&T account of each public health organisation.

MANDATORY REQUIREMENTS

All public health organisations are required to comply with this Policy Directive.

IMPLEMENTATION

Chief Executives

Chief Executives must ensure that the arrangements set out in this Policy Directive are communicated to all Staff Specialists levels 2 to 5 and other relevant medical administration and HR staff.

Directors of Medical Services

Directors of Medical Services must ensure and verify that there is full compliance with the terms and conditions of this Policy Directive.

Staff Specialist

Staff Specialists must ensure that they co-operate with public health organisation management in implementing the arrangements set out in this Policy Directive.

REVISION HISTORY

Version	Approved by	Amendment notes
February 2015 (PD2015_009)	Deputy Secretary, Governance, Workforce and Corporate	Rescinds PD2005_324
January 2005 (PD2005_324)	Deputy Secretary, Governance, Workforce and Corporate	New policy

ATTACHMENTS

1. Disbursement Funds No 2 Accounts: Procedures.

**Staff Specialists Rights of Private Practice
Disbursement of Funds No 2 Accounts**



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1 BACKGROUND

1.1 About this document

The purpose of this Policy Directive is to set out the procedures for disbursement of the funds accrued in the No 2 Accounts which all public health organisations are required to establish as sub-ledgers in their Special Purpose and Trust Account.

1.2 Key definitions

Chief Executive: means the Chief Executive of the public health organisation or a person delegated to perform certain functions of the Chief Executive.

Number 2 Account: separate account in the Special Purpose and Trust Account (SP&T) bank account which contains separate sub-ledgers in the name of facilities, business units, agreed groups or individual Staff Specialists.

Public Health Organisation (PHO): Public Health Organisation is defined in s7 of the *Health Services Act 1997*. For the purposes of this document, PHO will include the Ambulance Services of NSW and other agencies as set out in PD2013_021 (Application of Policies - Newly Established NSW Health Agencies).

1.3 Policy framework

- NSW Health Policy Directive IB (Staff Specialists Training, Education & Study Leave (TESL) New Funding Entitlement (changed yearly)
- NSW Health Policy Directive IB (Staff Specialists Training, Education & Study Leave (TESL)
- NSW Government Travel User Guide December 2006 (outlines the arrangements with current Government contractor for travel)
- Staff Specialists (State) Award
- Staff Specialist Determination
- Australian Taxation Office – Tax Determinations released each financial year for Reasonable Travel & Meals Allowances.

2 POWER OF DECISION-MAKING AND APPROVAL

- 2.1 The Chief Executive of each public health organisation is responsible for the approval of the expenditure of funds from the relevant No 2 Account. This function can be delegated to a designated member of staff of the public health organisation subject to such conditions as may be imposed.
- 2.2 Each public health organisation (defined in this document, consistent with PD2013_021, to include any NSW Health entity at which Staff Specialists who have elected a Level 2 to 5 Rights of Private Practice arrangement are employed) is to establish a Management Committee to oversee the administration of funds in the No 2 Account which will make recommendations to the Chief Executive or nominated delegate for the expenditure of those funds.
- 2.3 In some public health organisations separate sub-ledgers are created within the No. 2 Account for facilities, business units, agreed groups or individual staff specialists. Individual sub-ledgers may have their own Management Committees to oversee the administration of funds from each sub-ledger, even though this may lead to multiple Management Committees operating within a public health organisation. Each Management Committee should have a membership of at least 5, with a majority of staff specialists, and also including the Director of Finance of the public health organisation or his or her nominee. The staff specialist members of each Management Committee are to be elected from and by staff specialists who have elected a Level 2 to 5 private practice arrangement (within the meaning of clause 2 of the *Staff Specialist Determination*). In the case of Management Committees for sub-ledgers, the staff specialist membership should be elected from and by staff specialists who work in the relevant facility, business unit or agreed group ('relevant staff specialists'). Where there are not enough relevant staff specialists to constitute a majority of a 5 member Management Committee, the relevant staff specialist may seek approval from the Chief Executive for a reduced membership Management Committee. Such a reduced membership Management Committee must have a majority of relevant staff specialists.
- 2.4 No expenditure from the No 2 Account of a public health organisation is to occur which has not been properly submitted and approved in accordance with the above three sub-clauses.
- 2.5 Where sub-ledgers are established or already exist, they should only be closed with the agreement of a majority of the relevant staff specialists or of the relevant individual staff specialist. Where such sub-ledgers already exist within a public health organisation or facility, the capacity to operate a separate sub-ledger should be made available to any new business units or agreed groups which may be established, or to any new individual staff specialist who may be appointed, in the interests of maintaining consistency with existing arrangements within the public health organisation or facility.

- 2.6 Where in such circumstances there is more than one Management Committee operating within a public health organisation, the additional Management Committees can only be disestablished with the agreement of a majority of the relevant staff specialists. Management Committees should have administrative support, including accounting support, provided by the public health organisation, subject to section 3 below.
- 2.7 Where sub-ledgers are in place within the No 2 Account, a recommendation of a Management Committee for the disbursement of funds from a sub-ledger must be made with the support of at least two staff specialists contributing the relevant sub-ledger (except where there is only one contributor) who must ensure that such expenditures have the support of the majority of the contributors to that sub-ledger. The Management Committee at its discretion may seek confirmation that the majority of Staff Specialists who contribute to that sub-ledger support the recommended disbursement.
- 2.8 Each Management Committee should meet at least once per year, but must meet more frequently when specific matters are awaiting consideration. The Management Committee may appoint a subcommittee or senior officer to perform the functions of the Committee with respect to proposals for the expenditure of funds below a designated amount, subject to such conditions as may be imposed. Matters dealt with under such delegated authority must be reported to the next meeting of the Management Committee.

3 DISBURSEMENT OF FUNDS FROM THE NO 2 ACCOUNTS – AREAS OF ALLOWABLE EXPENDITURE

- 3.1 The first priority for expenditure from the No 2 Account is for Training, Education and Study Leave (TESL) for Level 2 to 5 SMPs as described in the *Staff Specialists Determination*. The individual funding entitlement should be determined having regard to the current funding entitlement applying to Level 1 staff specialists, which is determined annually and notified by the Ministry through a Policy Directive. Staff specialists who have elected a Level 2 to 5 private practice arrangement may agree to accept a lower maximum funding entitlement in order that more funds are available in the No 2 Accounts for other purposes.
- 3.2 The second charge on the No 2 Account is the annual audit and accounting costs for the Account. Expenditure for such purposes does not require consideration by Management Committees. Costs attributable to individual sub-ledgers should be met from that sub-ledger.
- 3.3 The expenditure of funds in excess of those required for TESL and audit costs should be for purposes that will benefit the public health organisation and the level of clinical services provided by it. These purposes are primarily the purchase of equipment, education and research.

- 3.4 Examples of appropriate expenditure which in all cases require the recommendation of the Management Committee and the approval of the Chief Executive or delegate, consistent with the requirements and processes contained in sections 2.4, 2.8 and 3.5 of this Policy Directive, include:
- (i) A priority area for expenditure is the purchase and / or lease of equipment (including software) which will support and / or augment the provision of clinical services by the public health organisation. (Any such purchased equipment remains the property of the public health organisation)
 - (ii) Other examples are:
 - a. Research funding, including equipment, scholarships or fixed term project funding. (Applications for research grants or equipment grants shall be accompanied by a detailed description of the planned project together with a statement outlining the need for such project or equipment, a detailed costing in Australian dollars and whether additional staff or equipment will be needed to support the project, and demonstrating whether the expenditure will benefit the public health organisation and the level of clinical services provided by it. (Any purchased equipment remains the property of the public health organisation)
 - b. Travel / study grants for persons employed within the public health organisation. (Applications for travel grants for conference attendance or other study purposes must be accompanied by adequate detail of travel and study itineraries to enable the Management Committee to determine the level of funding to be recommended for approval, and also material which demonstrates how the expenditure will advance the public health organisation and the level of clinical services provided by it)
 - c. Donations to research organisations affiliated with the public health organisation where the provision of such funding would be consistent with the principles set out in sub-paragraph 3.3 above
 - d. Support for visiting experts who may provide lectures or demonstrations to staff
 - e. Books, journals, and electronic information sources (which remain the property of the public health organisation)
 - f. The payment of costs associated with the generation of income through the exercise of the rights of private practice arrangements which apply to the contributing staff specialists
 - g. Postgraduate course fees for courses undertaken by level 2 to 5 staff specialists who contribute to the relevant sub-ledger that are directly relevant to the staff specialist's area of speciality

h. Membership of organisations which support research and professional development.

- 3.5 The relevant Management Committee should exercise care in putting forward recommendations that involve recurrent / ongoing expenditure for future financial years, such as the engagement of staff or ongoing leases, due to possible fluctuations in income flowing to the No 2 Accounts. The Chief Executive or delegate in considering recommendations that have recurrent cost implications should obtain independent advice from the relevant Director of Finance. This advice should include a financial assessment of the risks of such proposals, including a schedule of other forward year commitments and a funding strategy if funds in the No 2 Account in forward years are insufficient to meet the expenditure involved. Where it is proposed that the employment of any staff be funded through the No 2 Account, that employment must be in accordance with NSW Health policies regarding the recruitment and selection of staff.
- 3.6 Where the disbursement of funds to reimburse expenditure under clause 3 is proposed, tax invoices, receipts or credit card statements must be presented by the staff specialist putting forward the claim and approved by his or her supervisor. Other than payment of per diems or reimbursement of expenses incurred, there are to be no payments made directly to the level 2 to 5 staff specialists who contribute to the relevant sub-ledger, including by way of managerial or other forms of allowances. (This provision does not preclude staff specialist positions from being funded by the No 2 Accounts pursuant to sub-clause 3.5 above, but the remuneration must comply with the relevant industrial instruments.)

4 DISPUTE RESOLUTION

Any disagreement in relation to the matters set out in this Policy Directive between public health organisations and staff specialists can be referred to the Secretary of the NSW Ministry of Health for resolution. In this case, a statement is to be submitted to the Secretary which sets out the respective views of both parties to the dispute. This paragraph does not restrict the capacity of any party to have a dispute arising with regard to the matters dealt with in this Policy Directive dealt with in accordance with the issue resolution clause of the *Determination*.

5 ENQUIRIES

Enquiries concerning the above information should be directed to the relevant human resources / finance staff in Public Health Organisations. Only human resources / finance staff from Public Health Organisations are to contact the NSW Ministry of Health.