



# Audit Committee Meeting

15 March 2017



local councils working together to protect the health of the community





**EASTERN HEALTH AUTHORITY  
AUDIT COMMITTEE MEETING**

**WEDNESDAY 15 March 2017**

Notice is hereby given that a meeting of the Audit Committee of Eastern Health Authority will be held at EHA's offices at **101 Payneham Road, St Peters** on Wednesday 15 March 2017 commencing at 5.00 pm.

A light meal will be served at 5.30pm.

A handwritten signature in black ink, appearing to read 'Michael Livori', is positioned above the printed name.

**MICHAEL LIVORI  
CHIEF EXECUTIVE OFFICER**





## **AGENDA**

### **EASTERN HEALTH AUTHORITY AUDIT COMMITTEE MEETING**

**WEDNESDAY 15 March 2017  
Commencing at 5.00 pm**

- 1 Opening
- 2 Apologies
- 3 Presiding Member's Remarks
- 4 Confirmation of Minutes – 30 November 2016
- 5 Reports
  - 5.1 Appointment of External Auditor for 2017-2019 .....1
  - 5.2 EHA Audit Committee Annual Report Evaluation 2016 .....3
    - Attachment 1.....5
- 6 Closure of meeting

## 5.1 APPOINTMENT OF EXTERNAL AUDITOR FOR 2017-2019

Author: Michael Livori  
Ref: AF16/58

### RECOMMENDATION 1

Pursuant to section 90 (2) of the *Local Government Act 1999* the Audit Committee orders that all members of the public, except the Chief Executive Officer, Team Leader Administration and Immunisation and Team Leader Environmental Health be excluded from attendance at the meeting for Agenda Item 5.1 - Appointment of External Auditor for 2017 - 2019.

The Committee is satisfied that, pursuant to section 90 (3) (d) and 90 (3) (k) of the Act, the information to be received, discussed or considered in confidence is namely:

- (3) (d): Commercial information of a confidential nature (not being a trade secret) the disclosure of which –
  - (i) could reasonable expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party;and
  - (ii) would, on balance, be contrary to the public interest.
  
- (3) (k): For a tender for the provision of services

The Committee is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because it contains financial information specifically tenderers rates which could be used by third parties in the event that no tender is accepted by the Board and the tender process is closed and a new tender process initiated with a new group of tenderers. In addition, the appointment of External Auditor is a statutory requirement rather than a matter of public interest.

### RECOMMENDATION 2

That:

The Eastern Health Authority Audit Committee recommends to the Board of Management that Dean Newbery and Partners be appointed as the Eastern Health Authority Auditor for the period 2016-2017 to 2018-2019.

### **RECOMMENDATION 3**

That:

In accordance with Section 91 (7) and (9) the *Local Government Act 1999*, the Audit Committee orders that the Report relating to the External Auditor appointment, all the relevant documentation, except for the Minutes arising from the Report, having been considered by the Committee in confidence under Section 90 (3) (d) and 90 (3) (k) of the Act, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting.

## 5.2 EASTERN HEALTH AUTHORITY (EHA) AUDIT COMMITTEE ANNUAL REPORT EVALUATION 2016

Author: Michael Livori  
Ref: AF16/97

### Summary

Clause 12 of the Audit Committee Terms of Reference provides details in relation to the Annual Review and Reporting to the Board Committee in relation to its own performance to ensure it is operating at maximum effectiveness. The Audit Committee has prepared an Annual Report Evaluation 2016 for the Board of Management.

### Report

Clause 12 of the Audit Committee Terms of Reference provides the following details in relation to the annual review and reporting to the Board:

12. ANNUAL REVIEW AND REPORTING TO BOARD COMMITTEE
  - 12.1. The Committee shall annually review its own performance and Terms of Reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Board for approval.
  - 12.2. In reviewing its performance, the Committee will have regard to:
    - 12.2.1. The achievement of the Committee's role and Terms of Reference.
    - 12.2.2. The Committee's decision making process.
    - 12.2.3. The timeliness, quality and quantity of information received.
    - 12.2.4. The relationship with the Board, Administration and other members of the Committee.
  - 12.3. The involvement and attendance by members.
  - 12.4. Following the Committee's annual review, the Chair (and other Independent Members as appropriate) of the Audit Committee shall provide a report to the Board on the Audit Committee's view in relation to the key areas of responsibility under these Terms of Reference, being, where relevant:
    - 12.4.1. Financial statements and the EHA's financial position.
    - 12.4.2. Key financial and risk related policy issues.
    - 12.4.3. EHA's risk management practices and framework.
    - 12.4.4. Internal financial controls.
    - 12.4.5. Fraud and whistleblowing provisions.
    - 12.4.6. EHA's long term financial planning.

- 12.4.7. Asset management planning.
- 12.4.8. Other issues of note.

The report as attached (attachment 1) summaries the work of the Audit Committee's activities undertaken during 2016 year.

The EHA Audit Committee Annual Report Evaluation 2016 report is a summary and a tool for self-evaluation by Audit Committee Members. The report also identifies any training needs and future Audit Work Plan proposals.

## **RECOMMENDATION**

That:

- 1 The report titled EHA Audit Committee Annual Report Evaluation 2016 is received.
- 2 The EHA Audit Committee Annual Report Evaluation 2016 as detailed in attachment 1 to this report is presented to the Board of Management for consideration.



local councils working together to protect the health of the community

## EHA Audit Committee

# Annual Report Evaluation 2016

## Background

The Audit Committee (the Committee) Terms of Reference states “the Committee shall annually review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Board for approval.”

The Committee’s Work Plan requires the Annual Report to the Board should:

- outline outputs relative to the audit committee’s work plan and the results of a self-assessment of performance for the preceding period including whether it believes any changes to its charter are appropriate;
- outline any identified training needs;
- advise future Audit Work Plan Proposals;
- invite comment from the Board on all of the above.

This report presents a summary of Eastern Health Authority (EHA) Audit Committee’s activities during the 2016 year.

## Conduct of Meetings

The Committee met on 3 occasions during 2016. The table below provides membership and meetings attended:

Date	Number of Members Attending
25 May 2016	3
17 August 2016	3
30 November 2016	3

Committee Membership 2016	Number of Meetings Attended
Lisa Scinto – Presiding Member	3
Claudia Goldsmith	3
Talis Evans	3

## Role of Audit Committee

The Audit Committee is established under Sections 41 and 126 of the *Local Government Act 1999* (as amended) to provide comment, suggestion and recommendations to the Board about matters including finance, risk, and audit.

Throughout the year the Audit Committee met 3 times and considered 13 reports on matters which had been referred to the Committee.

The role of the Audit Committee is not to make decisions on behalf of Council but rather to review and consider the appropriateness of Council processes in the areas of:

- Financial reporting, sustainability and accounting policies
- Risk Management and Internal control procedures
- External Audit function (Council’s financial auditors)
- Internal Audit and compliance including efficiency and effectiveness audits, if required.

**During 2016 Committee members attended the following training courses/sessions:**

Training Course/Session	Date	Provider	Members Attending
Nil			

**Cost of Audit Committee :**

Audit Committee Membership 2016	Fees Paid 2016
Ms L Scinto – Presiding Member	\$1350.00
Claudia Goldsmith	\$1050.00
Talis Evans	\$0.00

**Number of Outstanding Resolutions:**

No.	Outstanding Resolution	Status
	Nil	

**Audit Committee Evaluation**

During November 2016 the Committee undertook a self-assessment of its own performance by way of a Questionnaire (All members surveyed). Below is a summary of the self-assessment.

1	Is the Committee satisfied that its current Terms of Reference are appropriate?	Yes/No	
2	Does the Committee believe the work program addresses the Terms of Reference and is it achievable?	Yes/No	
3	Is the Committee satisfied that it is effectively monitoring Risk Management & internal Controls	Yes/No	
4	Is there sufficient time allocated during the meetings to adequately discuss agenda items?	Yes/No	
5	Are the reports prepared for the meetings sufficiently comprehensive to allow you to make informed decisions?	Yes/No	
6	Does the Committee believe it is adequately informed on current and emerging trends and factors?	Yes/No	
7	How do you rate the overall efficiency and effectiveness of the Committee?	Use a scale of 1 to 5 where 1 is poor and 5 is excellent	4
8	How do you rate the performance of the Chairperson in preparing for and conducting meetings?	Use a scale of 1 to 5 where 1 is poor and 5 is excellent	5
9	How do you rate the performance of the other members of the Committee in fulfilling their role on the Committee	Use a scale of 1 to 5 where 1 is poor and 5 is excellent	5
10	How do you rate the performance of the staff in facilitating the committee's role and function?	Use a scale of 1 to 5 where 1 is poor and 5 is excellent	4

11	Do you have any suggestions for improving any aspect of the Committee's, performance, role or function?	Yes/No	Innovation and Best Practice to be a focus in next calendar year.
----	---	--------	---

Following from its self-assessment process the Committee recommends the following Training / professional development for its members:

Training/Professional Development Need	Committee Member
Nil	

### Chairperson's Comments

#### Annual Report 2016

##### *Presiding Member Report*

The Audit Committee has had a successful 2016. I am satisfied as Presiding Member that the Committee has met its responsibilities under its Terms of Reference and has achieved continuous improvement in meeting these responsibilities.

In the previous year, the committee identified a number of focus areas for 2016. These included increased oversight of risk management processes (in particular corporate strategic risks and related controls) and internal financial control monitoring processes. Over the last 12 months, the Committee has succeeded in having an increased focus on overseeing these processes.

The substantive issues that were dealt with during the course of 2016 were a review of the :

- Annual Business Plan
- Budget and Financial reports
- 2015/16 Financial Statements, external Audit Management letter and liaison with the External Auditor
- Risk Management and Opportunity Policy, Framework and Corporate Strategic Risks
- Complaints Handling Policy
- Management of Financial Internal Controls
- Audit Committee Terms of Reference.

It should be noted that whilst Eastern Health Authority is a small organisation, the Audit Committee is able to run efficiently and effectively due to the enormous support and assistance provided by EHA's Administration, particularly from the CEO, Team Leader Administration and Immunisation and the Team Leader Environmental Health.

LISA SCINTO  
 Presiding Member  
 31 December 2016

