

Audit Committee Meeting

12 August 2015



local councils working together to protect the health of the community



**EASTERN HEALTH AUTHORITY
AUDIT COMMITTEE MEETING**

WEDNESDAY 12 August 2015

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 12 August 2015 commencing at 5.30 pm.

A light meal will be served at 5.00pm.

**MICHAEL LIVORI
CHIEF EXECUTIVE OFFICER**



AGENDA

EASTERN HEALTH AUTHORITY AUDIT COMMITTEE MEETING

WEDNESDAY 12 August 2015

Commencing at 5.30 pm

1	Opening	
2	Apologies	
3	Presiding Member's Remarks	
4	Confirmation of Minutes – 27 May 2015	
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5.1 DRAFT GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Author: Michael Livori
Ref: AF15/6

Summary

This report presents the draft General Purpose Financial Statements for the year ended 30 June 2015 (the statements) for review by the Audit Committee (the committee).

Eastern Health Authority's (EHA) Charter requires its books of accounts and financial statements to be audited annually by an external auditor. The audited financial statements must be provided to Constituent Councils prior to 31 August to allow them to be incorporated into their own audited financial statements. The audited financial statements are required to be incorporated into the EHA Annual Report.

The Terms of Reference for the committee include at section 7.1.1 an expectation that the committee monitors the integrity of the financial statements of EHA, including its annual report, reviewing significant reporting issues and judgements which they contain.

Report

The draft of the statements for the year ending 30 June 2015 have been prepared in accordance with the Local Government (Financial Management) Regulations 2011, Australian Accounting Standards and the South Australian Model Financial Statements for 2014. They reflect the operations of EHA between the period 1 July 2014 and 30 June 2015.

A copy of EHA General Purpose Financial Report for the year ending 30 June 2015 is provided as attachment 1 to this report.

There are four principal statements which are accompanied by notes which form part of the financial report:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows

The external auditors were on site conducting the balance date audit on 23 and 24 July 2015. The 2015 statements presented as part of this report are based on the draft provided to the external auditors. Some minor amendments may be required to be made prior to the meeting date and the results will continue to be refined until final audit sign-off. Any significant disclosure or presentation issues identified by the external auditors will be presented as an update at this committee meeting by Jim Keogh who will be in attendance.

After their consideration of the statements the committee will be requested to recommend that:

- the external auditor be advised that the Committee is satisfied that the draft statements present fairly the state of affairs of the organisation
- the final audited statements be presented to the Board of Management and
- the Chair of the Committee and Chief Executive officer signs a statement to certify the independence of the external auditors

Subsequent to the outcomes of the Committee's review at this meeting a final draft of the 2015 statements will be prepared for presentation to the Board of Management at its meeting on 26 August 2015.

The report in relation to the statements will have a recommendation that the Board of Management authorise the Chair and the Chief Executive Officer to certify the financial statements in their final form.

The external auditor will then issue an audit opinion taking into account the Board of Management's consideration and any recommendations.

The Audit Opinion will be provided to the Board at its meeting on 28 October 2015.

Material Differences when comparing 2014 and 2015 Financial Statements

Statement of Comprehensive Income

Listed below is a summary of the material differences in relation to the Statement of Comprehensive Income when comparing 2014 and 2015.

Income

Statutory Charges

Decrease of \$271,609 (-63%) to \$157,329.

Decrease in expiation fines issued, and prosecution penalties awarded relating to Food Act enforcement matters.

User Charges

Decrease of \$67,762 (-18%) to \$303,449

Due to no longer providing immunisation services to City of Adelaide.

Grants Subsidies Contributions

Decrease of \$55,164 (-32%) to \$117,983

Due to changes to the School Based Immunisation program and timing of payments for same.

Investment Income

Increase of \$2,849 (16%) to \$20,871.

Due to increase in cash held.

Other Income

Decrease of \$1,984 (-23%) to \$6,607.

Total income

Decrease of \$373,204 (-15%) to \$2,182,844.

Expenses

Employee Costs

Decrease of \$126,866 (-8%) to \$1,353,987

Due to delays in replacement of a number of staff and change to School Based Immunisation Program.

Materials, contracts and other expenses

Decrease of \$218,737 (-26%) to \$608,512

Due to last year containing provision for doubtful debts relating to penalties awarded following successful Food Act Prosecution. Business prosecuted now in liquidation.

Finance Charges

Decrease of \$15,529 (-39%) to \$24,016

Due to last year containing 1 extra interest payment.

Total Expenses

Decrease of \$361,131 (-15%) to \$2,070,220

Operating Surplus / Deficit

The *operating surplus* of \$112,624 has decreased by \$12,073 when compared to 2014. It should be noted that the 2014 result was also influenced by a reduction in employee expenses.

Statement of Financial Position

The Statement of Financial Position shows as at 30 June 2014:

Total Assets

\$1,393,338 (2014 \$1,423,127), down \$29,789 (-2%);

Total Liabilities

\$877,722 (2014 \$1,020,135), down \$142,413 (-14%);

Total Equity

\$515,616 (2014 \$402,992), up \$112,624 (28%).

Result of surplus for 2015 (will be reduced by 200K with distribution to councils in 2016).

Statement of Changes in Equity Comparison

Accumulated Surplus

\$515,616 (2014 \$402,992), up \$112,624 (28%).

Result of surplus for 2015 (will be reduced by 200K with distribution to councils in 2016).

Total Equity

\$515,616 (2014 \$402,992), up \$112,624 (28%).

Result of surplus for 2015 (will be reduced by 200K with distribution to councils in 2016).

Statement of Cash Flow Comparison

Net cash provided by (or used in) Operating Activities

\$123,525 (2014 \$269,831), down \$146,306 (-54%).

Net cash provided by (or used in) Investing Activities

\$0 (2014 (\$9,806)), down (\$9,806)

Net cash provided by (or used in) Financing Activities

\$(53,369) (2014 \$(50,921)), up \$(2,448).

Repayment of Fit-out Loan

Net increase (decrease) in cash held

\$70,156 (2014 \$209,104), down \$138,948.

Cash and cash equivalents at the end of the period

\$789,971 (2014 \$719,815), up \$70,156.

The external auditor will issue an Audit Opinion taking into account the considerations and any recommendations of both the Committee and Board of Management. The Audit Opinion will be provided to the Board at its meeting on 28 October 2015.

RECOMMENDATION

That:

1. The Draft General Purpose Financial Statements for the Year ending 30 June 2015 Report is noted.
2. The Committee is satisfied that the 2014/2015 draft statements present fairly the state of affairs of the organisation.
3. The 2014/2015 final audited statements are presented to the Board of Management.
4. The Chair of the Audit Committee is authorised to sign a statement to certify the independence of the external auditors.

Eastern Health Authority

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
INCOME			
Council contributions	2	1,576,605	1,556,139
Statutory charges	2	157,329	428,938
User charges	2	303,449	371,211
Grants, subsidies & contributions	2	117,983	173,147
Investment income	2	20,871	18,022
Other income	2	6,607	8,591
Total Income		2,182,844	2,556,048
EXPENSES			
Employee costs	3	1,353,987	1,480,853
Materials, contracts & other expenses	3	608,512	827,249
Depreciation, amortisation & impairment	3	83,705	83,704
Finance costs	3	24,016	39,545
Total Expenses		2,070,220	2,431,351
OPERATING SURPLUS / (DEFICIT)		112,624	124,697
NET SURPLUS / (DEFICIT)		112,624	124,697
transferred to Equity Statement			
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		112,624	124,697

This Statement is to be read in conjunction with the attached Notes.

Eastern Health Authority

STATEMENT OF FINANCIAL POSITION as at 30 June 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash & cash equivalents	4	789,971	719,815
Trade & other receivables	4	<u>162,272</u>	<u>178,512</u>
Total Current Assets		<u>952,243</u>	<u>898,327</u>
Non-current Assets			
Infrastructure, property, plant & equipment	5	<u>441,095</u>	<u>524,800</u>
Total Non-current Assets		<u>441,095</u>	<u>524,800</u>
Total Assets		<u>1,393,338</u>	<u>1,423,127</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	6	108,708	181,322
Borrowings	6	55,934	53,369
Provisions	6	<u>236,220</u>	<u>251,094</u>
Total Current Liabilities		<u>400,862</u>	<u>485,785</u>
Non-current Liabilities			
Borrowings	6	435,198	491,132
Provisions	6	<u>41,662</u>	<u>43,218</u>
Total Non-current Liabilities		<u>476,860</u>	<u>534,350</u>
Total Liabilities		<u>877,722</u>	<u>1,020,135</u>
NET ASSETS		<u>515,616</u>	<u>402,992</u>
EQUITY			
Accumulated Surplus		<u>515,616</u>	<u>402,992</u>
TOTAL EQUITY		<u>515,616</u>	<u>402,992</u>

This Statement is to be read in conjunction with the attached Notes.

Eastern Health Authority

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2015

	Notes	Accumulated Surplus	TOTAL EQUITY
2015		\$	\$
Balance at end of previous reporting period		402,992	402,992
Net Surplus / (Deficit) for Year		<u>112,624</u>	<u>112,624</u>
Balance at end of period		<u>515,616</u>	<u>515,616</u>
2014			
Balance at end of previous reporting period		278,295	278,295
Net Surplus / (Deficit) for Year		<u>124,697</u>	<u>124,697</u>
Balance at end of period		<u>402,992</u>	<u>402,992</u>

This Statement is to be read in conjunction with the attached Notes

Eastern Health Authority
STATEMENT OF CASH FLOWS
for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Council contributions		1,576,605	1,711,753
Fees & other charges		157,329	453,986
User charges		300,975	419,499
Investment receipts		25,557	18,216
Grants utilised for operating purposes		117,983	173,147
Other revenues		6,607	(21,189)
<u>Payments</u>			
Employee costs		(1,418,550)	(1,431,151)
Materials, contracts & other expenses		(617,744)	(1,026,745)
Finance payments		(25,237)	(27,685)
Net Cash provided by (or used in) Operating Activities		123,525	269,831
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Payments</u>			
Expenditure on renewal/replacement of assets		-	(1,710)
Expenditure on new/upgraded assets		-	(8,096)
Net Cash provided by (or used in) Investing Activities		-	(9,806)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Payments</u>			
Repayments of borrowings		(53,369)	(50,921)
Net Cash provided by (or used in) Financing Activities		(53,369)	(50,921)
Net Increase (Decrease) in cash held		70,156	209,104
Cash & cash equivalents at beginning of period	7	<u>719,815</u>	<u>510,711</u>
Cash & cash equivalents at end of period	7	<u>789,971</u>	<u>719,815</u>

This Statement is to be read in conjunction with the attached Notes

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollars (\$).

2 The Local Government Reporting Entity

Eastern Health Authority is incorporated under the SA Local Government Act 1999 and has its principal place of business at 101 Payneham Road, St Peters SA 5069. These financial statements include the Authority's direct operations and all entities through which the Authority controls resources to carry on its functions. In the process of reporting on the Authority as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Authority obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Authority's operations for the current reporting period.

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the Authority's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

5 Plant & Equipment

5.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Authority, includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 5

5.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 5.

5.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of the Authority, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are shown in Note 5. Depreciation periods for infrastructure assets have been estimated based on the best information available to the Authority, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

5.5 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if the Authority were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

6 Payables

6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

6.2 Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to the Authority assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

7 Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

8 Employee Benefits

8.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based on-costs) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based on-costs) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as the Authority experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. The Authority does not make payment for untaken sick leave.

8.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and the Authority's involvement with the schemes are reported in Note 11.

9 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

10 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

11 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2015 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 124	Related Party Disclosures

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 14-10, AASB 15-1, AASB 15-2, AASB 15-3, AASB 15-4, AASB 15-5 and AASB 2015-6. (Standards not affecting local government have been excluded from the above list.)

The Authority is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

The Australian Accounting Standards Board is currently reviewing AASB 1004 Contributions. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 2 - INCOME

	Notes	2015 \$	2014 \$
COUNCIL CONTRIBUTIONS			
City of Burnside		400,896	390,742
Campbelltown City Council		376,996	371,319
City of Norwood Payneham & St Peters		487,613	475,199
City of Prospect		222,291	207,316
Town of Walkerville		88,809	81,631
Public Health Plan		-	29,932
		1,576,605	1,556,139
STATUTORY CHARGES			
SRF licences		4,601	5,923
Food inspections		49,059	55,316
Legionella registrations & inspections		22,779	19,895
Fines, penalties & expiations		80,890	347,804
		157,329	428,938
USER CHARGES			
Immunisation fee for service		56,222	70,833
Immunisation worksites		103,385	90,858
Food safety training		486	1,910
Food auditing		46,220	53,904
City of Unley		97,136	100,032
City of Adelaide		-	53,674
		303,449	371,211
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		20,871	18,022
		20,871	18,022

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

NOTE 2 - INCOME (cont.)

	Notes	2015 \$	2014 \$
OTHER INCOME			
Motor vehicle reimbursements		2,614	7,713
Sundry		<u>3,993</u>	<u>878</u>
		<u>6,607</u>	<u>8,591</u>
 GRANTS, SUBSIDIES, CONTRIBUTIONS			
Immunisation fees - schools		75,881	129,425
Immunisation fees - ACIR		<u>42,102</u>	<u>43,722</u>
		<u>117,983</u>	<u>173,147</u>
 Sources of grants			
<i>State government</i>		<u>117,983</u>	<u>173,147</u>
		<u>117,983</u>	<u>173,147</u>

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 3 - EXPENSES

	Notes	2015 \$	2014 \$
EMPLOYEE COSTS			
Salaries & wages		1,231,367	1,283,582
Employee leave expense		(16,430)	57,484
Superannuation - defined contribution plan contributions	11	95,397	89,723
Superannuation - defined benefit plan contributions	11	17,471	27,750
Workers' Compensation Insurance		14,639	14,417
Other		11,543	7,897
Total Operating Employee Costs		1,353,987	1,480,853
 Total Number of Employees		 19	 19
<i>(Full time equivalent at end of reporting period)</i>			
 MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		7,700	6,800
Bad & Doubtful Debts		2,590	196,488
Board of management expenses		15,800	12,566
Operating Lease Rentals - non-cancellable leases	9		
- minimum lease payments		55,159	56,756
Subtotal - Prescribed Expenses		81,249	272,610
 <u>Other Materials, Contracts & Expenses</u>			
Contractors		23,365	20,308
Energy		9,178	11,079
Fringe Benefit Tax		16,148	14,676
Human resources		14,645	19,845
Insurance		25,950	25,038
Legal expenses		17,689	89,253
Motor vehicle expenses		14,300	18,831
IT licencing & support		55,837	37,034
Parts, accessories & consumables		106,850	85,410
Printing & stationery		33,575	28,835
Telephone		14,001	18,067
Public health plan		20,678	29,932
Office rent		92,588	79,150
Staff training		19,614	25,858
Sundry		62,845	51,323
Subtotal - other materials, contracts & expenses		527,263	554,639
		608,512	827,249

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 3 - EXPENSES (cont)

	Notes	2015 \$	2014 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		23,643	23,642
Office furniture & software		<u>60,062</u>	<u>60,062</u>
		<u>83,705</u>	<u>83,704</u>
 FINANCE COSTS			
Interest on Loans		<u>24,016</u>	<u>39,545</u>
		<u>24,016</u>	<u>39,545</u>

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 4 - CURRENT ASSETS

	Notes	2015	2014
CASH & EQUIVALENT ASSETS		\$	\$
Cash on hand & at bank		51,153	76,287
Short term deposits & bills, etc		<u>738,818</u>	<u>643,528</u>
		<u>789,971</u>	<u>719,815</u>
 TRADE & OTHER RECEIVABLES			
Accrued Revenues		-	4,686
Debtors - general		358,767	356,293
Prepayments		-	14,028
Total		<u>358,767</u>	<u>375,007</u>
 Less: Allowance for Doubtful Debts		<u>196,495</u>	<u>196,495</u>
		<u>162,272</u>	<u>178,512</u>
 <i>Amounts included in receivables that are not expected to be received within 12 months of reporting date.</i>		-	5,320

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 5 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	Fair Value Level	2014 \$ AT COST	2014 \$ ACCUM DEP'N	2014 CARRYING AMOUNT	2015 AT COST	2015 \$ ACCUM DEP'N	2015 CARRYING AMOUNT
Buildings & other structures	3	472,846	(70,117)	402,729	472,846	(93,760)	379,086
Office furniture & software		289,776	(167,705)	122,071	289,776	(227,767)	62,009
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		762,622	(237,822)	524,800	762,622	(321,527)	441,095
Comparatives		752,816	(154,118)	598,698	762,622	(237,822)	524,800

This Note continues on the following pages.

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 5 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (cont.)

	2014	CARRYING AMOUNT MOVEMENTS DURING YEAR				2015
	\$ CARRYING AMOUNT	Additions New/Upgrade	\$ Renewals	Disposals	Depreciation	\$ CARRYING AMOUNT
Buildings & other structures	402,729	-	-	-	(23,643)	379,086
Office furniture & software	122,071	-	-	-	(60,062)	62,009
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	524,800	-	-	-	(83,705)	441,095
<i>Comparatives</i>	598,698	8,096	1,710		(83,704)	524,800

This Note continues on the following pages.

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 5 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (cont.)

Valuation of Assets

Capitalisation thresholds used by The Authority for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office furniture & equipment	\$1,000
Buildings - new construction/extensions	\$10,000

Estimated Useful Lives: Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

Plant, Furniture & Equipment	
Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles	5 to 8 years
Building & Other Structures	
Leasehold improvements	50 to 100 years

Buildings & Other Structures

- These assets are recognised on the cost basis.

Plant, Furniture & Equipment

- These assets are recognised on the cost basis.

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 6 - LIABILITIES

		2015		2014	
	Notes	\$		\$	
TRADE & OTHER PAYABLES		Current	Non-current	Current	Non-current
Goods & Services		87,681		105,745	
Accrued expenses - other		21,027	-	75,577	-
		108,708	-	181,322	-
BORROWINGS					
Loans		55,934	435,198	53,369	491,132
		55,934	435,198	53,369	491,132
PROVISIONS					
Employee entitlements (including oncosts)		236,220	41,662	251,094	43,218
		236,220	41,662	251,094	43,218

All interest bearing liabilities are secured over the future revenues of the Authority.

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 7 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Notes	2015	2014
		\$	\$
Total cash & equivalent assets	4	789,971	719,815
Balances per Cash Flow Statement		<u>789,971</u>	<u>719,815</u>

**(b) Reconciliation of Change in Net Assets to Cash
from Operating Activities**

Net Surplus (Deficit)		112,624	124,697
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		83,705	83,704
Net increase (decrease) in unpaid employee benefits		(27,216)	38,636
Change in allowances for under-recovery		-	195,250
		<u>169,113</u>	<u>442,287</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		16,240	(200,829)
Net increase (decrease) in trade & other payables		(72,614)	28,373
Net Cash provided by (or used in) operations		<u>112,739</u>	<u>269,831</u>

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 8 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables*.

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits **Accounting Policy:** Carried at lower of cost and net realisable value; Interest is recognised when earned.

Terms & conditions: Deposits are returning fixed interest rates between 2% and 3% (2014: 2% and 4%).

Carrying amount: approximates fair value due to the short term to maturity.

Receivables - Rates & associated charges (including legals & penalties for late payment)

Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.

Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & conditions: Unsecured and do not bear interest. Although the Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authority's boundaries in the State.

Carrying amount: approximates fair value (after deduction of any allowance).

Receivables - Fees & other charges

Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & conditions: Unsecured, and do not bear interest. Although Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authority's boundaries.

Carrying amount: approximates fair value (after deduction of any allowance).

Receivables - Other levels of government

Accounting Policy: Carried at nominal value.

Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

Carrying amount: approximates fair value.

Liabilities - Creditors & accruals

Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.

Terms & conditions: Liabilities are normally settled on 30 day terms.

Carrying amount: approximates fair value.

Liabilities - Interest bearing borrowings

Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & conditions: secured over future revenues, borrowings are repayable twice a year; interest is charged at a fixed rate: 4.75% (2014: 4.75%)

Carrying amount: approximates fair value.

Liabilities - Finance leases

Accounting Policy: accounted for in accordance with AASB 117.

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 8 - FINANCIAL INSTRUMENTS (cont.)

Liquidity Analysis

2015	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	789,971	-	-	789,971	789,971
Receivables	162,272	-	-	162,272	162,272
Total	952,243	-	-	952,243	952,243
Financial Liabilities					
Payables	108,708	-	-	108,708	108,708
Current Borrowings	78,606	-	-	78,606	55,934
Non-Current Borrowings	-	471,638	117,909	589,547	435,198
Total	187,314	471,638	117,909	776,861	599,840
2014	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	719,741	-	-	719,741	719,815
Receivables	169,531	-	-	169,531	375,007
Total	889,272	-	-	889,272	1,094,822
Financial Liabilities					
Payables	105,509	-	-	105,509	105,745
Current Borrowings	78,606	-	-	78,606	53,369
Non-Current Borrowings	-	314,424	275,123	589,547	491,132
Total	184,115	314,424	275,123	773,662	650,246

The following interest rates were applicable to Authority's borrowings at balance date:

	30 June 2015		30 June 2014	
	Weighted Average Interest Rate %	Carrying Value \$	Weighted Average Interest Rate %	Carrying Value \$
Fixed Interest Rates	4.75	491,132	4.75	544,501
		491,132		544,501

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Authority.

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 9 - OPERATING LEASES

Lease payment commitments of Authority

The Authority has entered into non-cancellable operating leases for motor vehicles and a photocopier.

No lease imposes any additional restrictions on the Authority in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit the Authority, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

No lease contains any escalation clause.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

	2015	2014
	\$	\$
Not later than one year	43,041	20,889
Later than one year and not later than 5 years	37,286	5,687
	80,327	26,576

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 10 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Authority prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that the Authority provide a common 'core' of financial information, which enables meaningful comparisons.

	2015 \$	2014 \$
Income	2,182,844	2,556,048
<i>less</i> Expenses	<u>2,070,220</u>	<u>2,431,351</u>
Operating Surplus / (Deficit)	112,624	124,697
 <i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	-	1,710
Depreciation, Amortisation and Impairment	(83,705)	(83,704)
Proceeds from Sale of Replaced Assets	-	-
	<u>(83,705)</u>	<u>(81,994)</u>
 <i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	-	8,096
	<u>-</u>	<u>8,096</u>
 Net Lending / (Borrowing) for Financial Year	 <u>196,329</u>	 <u>198,595</u>

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 11 – SUPERANNUATION

The Authority makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2014/15; 9.25% in 2013/14). No further liability accrues to the Authority as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. The Authority makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2013/14) of "superannuation" salary.

In addition, the Authority makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), the Authority does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

Contributions to Other Superannuation Schemes

The Authority also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Authority.



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2015, EHA’s Auditor, Dean Newbery & Partners Chartered Accountants, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of the Regulation 22(3) Local Government (Financial Management) Regulations 2011.

.....

Michael Livori
CHIEF EXECUTIVE OFFICER

.....

Lisa Scinto
PRESIDING MEMBER
AUDIT COMMITTEE

Date:

5.2 REPORT ON FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2015

Author: Michael Livori

Ref: AF14/34

Summary

Section 10 of the Local Government (Financial Management) Regulations 2011 requires a regional subsidiary to prepare a report showing its audited financial results for the previous financial year compared with its estimated financial results set out in the budget in a manner consistent with the Model Financial Statements.

Report

The required comparison has been completed and is provided as attachment 1 to this report.

Commentary in relation to the comparison is detailed below.

Statement of Comprehensive Income

Total Operating Income was \$106,961 less than originally budgeted while Total Operating Expenditure was \$250,697 less than budgeted. More detail in relation to income and expenditure variations is provided later in the report (see Funding Statement section of report).

The operating surplus resulting from operations is \$112,624. The budgeted result was a deficit of \$31,112. The improvement of \$143,736 is mainly due to delays in the appointment of staff to budgeted positions.

Other Statements

Figures used for comparison in the statements below (Cash Flow, Financial Position and Changes in Equity) are based on the September 2014 revised budget. The revised September figures take into account the previous year's (2014) audited figures. Using the adjusted (audited) starting figures provides a much truer comparison than using the original adopted budget for these figures.

Statement of Cash Flow

Net cash Provided/(Used) by operating activities of \$123,525 shows a \$70,157 improvement on the revised (September) budget of \$53,368 in the main due to the reduction in employee expenses.

Cash and Cash Equivalents at the End of Reporting Period \$789,972 improved by \$70,157 in comparison to the revised (September) budget position of \$719,815.

Statement of Financial Position

Net Current Assets/(Current Liabilities) \$551,381 shows a \$136,390 improvement on the revised (September) budget position of \$414,991.

Total Non Current Assets \$441,095 are \$2,854 less than the revised (September) budget position of \$443,949.

Total Non Current Liabilities \$476,860 are \$6,571 less than the revised (September) budget position of \$483,431

Net Assets and Total Equity \$515,616 both show a \$140,107 improvement on the revised (September) budget position of \$375,573.

Statement of Changes in Equity

The net surplus of \$112,624 was an improvement of \$140,107 when compared to the adopted budget of a deficit of \$31,112.

Total Equity of \$515,616 was an improvement of \$140,107 when compared to the revised budget of \$375,509.

Uniform Presentation Finances (note 10)

Shows the operating position decreased by \$12,073.

Net Outlays on Existing Assets decreased by \$1,711.

Net Outlays on New and Upgraded Assets decreased by \$8,096 to \$0.

Net Lending / (Borrowing) reduced by \$2,266.

Eastern Health Authority Funding Statement 2014/2015

EHA's Funding Statement 2014/2015 provides more detailed information in relation to individual budget line performance against both the Adopted and Revised budget. The Funding Statement is provided as attachment 2.

The table below details income variations against the Adopted Budget of greater than \$5,000 and where appropriate an explanation for the variation. Unfavourable variations are shown in red, while favourable variations are black.

Income Variations		
Budget Line	Variation	Reason
Public Health Plan Contributions	(\$15,500)	Invoice timing
Food Inspection Fees	(\$30,941)	Less inspections due to staff availability
Fines	(\$5,890)	Decrease in expiations issued
Non funded vaccines	(\$22,778)	Less demand, offset by expenditure
Food Auditing Fees	(\$10,780)	Less audits due to staff availability
City of Unley	(\$8,864)	Reduction in SRF work
SBIP	(\$22,119)	Change in timing for grant payment
Motor Vehicle re-imburements	(\$9,886)	Reduction in personal use

The variation in relation to total actual income received as compared to budgeted income is (\$106,960) or -4.7% (Actual \$2,182,845 / Budgeted \$2,289,805).

The table below details expenditure variations of greater than \$5,000 and where appropriate an explanation for the variation. Unfavourable variations are shown in red, while favourable variations are black.

Expenditure Variations		
Budget Line	Variation	Reason
Salaries and Wages	(\$228,633)	Delays in the appointment of staff to budgeted positions
Superannuation	(\$12,132)	See note Salaries and Wages
Employee Leave Expenses	(\$46,430)	Reduction in leave liabilities
Agency Staff	\$11,543	See note Salaries and Wages
IT Support	\$22,763	Ongoing IT system issues.
Unfunded Vaccines	(\$9,443)	Less demand
Regional Public Health Plan	\$20,068	Timing of plan finalisation
WHS	(\$30,888)	Please note this variation is against revised budget. WHS work not commenced but will be required in 2015/2016, will require budget variation in 15/16 budget. See Report Item 6.6 at BOM meeting of 29 April 2015.

The variation in relation to total actual expenditure as compared to budgeted expenditure is (\$250,968) or -10.8% (Actual \$2,070,219/ Budgeted \$2,320,917).

As detailed in the financial statement the **net result** was a surplus of \$112,624. This was an improvement in position of \$143,736 when compared to the budgeted result of a deficit of \$31,112.

The **cash result** was \$140,397 which is an improvement in position of \$144,026 when compared to the budgeted result of (\$3,629).

As detailed previously this result can be attributed in the main to the delays in the appointment of staff to budgeted positions during the reporting period.

RECOMMENDATION

That:

The report on Financial Results for the Year Ending 30 June 2015 is received.

EASTERN HEALTH AUTHORITY COMPARISON OF ADOPTED BUDGET TO AUDITED RESULTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2015

STATEMENT OF COMPREHENSIVE INCOME

	ADOPTED BUDGET	BUDGET REVIEW SEPTEMBER	BUDGET REVIEW DECEMBER	BUDGET REVIEW MARCH	REVISED BUDGET	AUDITED RESULT	VARIATION AGAINST ADOPTED BUDGET	VARIATION %
	\$	\$	\$	\$	\$	\$		%
INCOME								
Council Contributions	1,576,605	-	15,500	-	1,592,105	1,576,605	-	0%
Statutory Charges	182,700	-	10,000	(15,000)	177,700	157,329	(25,371)	-14%
User Charges	346,500	-	(15,000)	(33,000)	298,500	303,449	(43,051)	-12%
Grants, subsidies and contributions	140,500	-	(15,000)	(7,000)	118,500	117,983	(22,517)	-16%
Investment Income	25,000	-	-	(3,000)	22,000	20,871	(4,129)	-17%
Other Income	18,500	-	-	(7,000)	11,500	6,607	(11,893)	-64%
TOTAL INCOME	2,289,805	-	(4,500)	(65,000)	2,220,305	2,182,844	(106,961)	-5%
EXPENSES								
Employee Costs	1,631,000	-	(50,000)	(105,000)	1,476,000	1,353,987	(277,013)	-17%
Materials, contracts and other expenses	580,200	-	5,500	40,000	625,700	608,512	28,312	5%
Finance Charges	28,866	(3,629)	-	-	25,237	24,016	(4,850)	-17%
Depreciation	80,851	-	-	-	80,851	83,705	2,854	4%
TOTAL EXPENSES	2,320,917	(3,629)	(44,500)	(65,000)	2,207,788	2,070,220	(250,697)	-11%
Operating Surplus/(Deficit)	(31,112)	3,629	40,000	-	12,517	112,624	143,736	-462%
Net gain (loss) on disposal of assets	-	-	-	-	-	-	-	-
Net Surplus/(Deficit)	(31,112)	3,629	40,000	-	12,517	112,624	143,736	1148%
Other Comprehensive Income	-	-	-	-	-	-	-	-
Total Comprehensive Income	(31,112)	3,629	40,000	-	12,517	112,624	143,736	1148%

EASTERN HEALTH AUTHORITY COMPARISON OF ADOPTED BUDGET TO AUDITED RESULTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2015								
STATEMENT OF CASH FLOWS								
	ADOPTED BUDGET	BUDGET REVIEW SEPTEMBER	BUDGET REVIEW DECEMBER	BUDGET REVIEW MARCH	REVISED BUDGET	AUDITED RESULT	VARIATION AGAINST REVISED (SEPT) BUDGET	VARIATION %
	\$	\$	\$	\$	\$	\$		
CASHFLOWS FROM OPERATING ACTIVITIES								
Receipts								
Operating Receipts	2,264,805	-	(4,500)	(62,000)	2,198,305	2,159,499	(105,306)	-5%
Investment Receipts	25,000	-	-	(3,000)	22,000	25,557	557	2%
Payments								
Operating Payments to Suppliers & Employees	(2,211,200)		44,500	65,000	(2,101,700)	(2,036,294)	174,906	-8%
Interest Expense	(28,866)	3,629	-	-	(25,237)	(25,237)	-	0%
Net Cash Provided/(Used) by Operating Activities	49,739	3,629	40,000	-	93,368	123,525	70,157	141%
CASH FLOWS FROM FINANCING ACTIVITIES								
Loans Received	-	-	-	-	-	-	-	-
Loan Repayments	(53,368)	-	-	-	(53,368)	(53,368)	-	-
Net Cash Provided/(Used) by Financing Activities	(53,368)	-	-	-	(53,368)	(53,368)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Sale of Replaced Assets	-	-	-	-	-	-	-	-
Payments								
Expenditure on renewal / replacements of assets	-	-	-	-	-	-	-	-
Expenditure on new / upgraded assets	-	-	-	-	-	-	-	-
Net Cash Provided/(Used) by Investing Activities	-	-	-	-	-	-	-	-
NET INCREASE (DECREASE) IN CASH HELD	(3,629)	3,629	40,000	-	40,000	70,157	70,157	1933%
CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD	556,711	163,104	-	-	719,815	719,815	-	0%
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	553,082	166,733	40,000	-	759,815	789,972	70,157	1933%

EASTERN HEALTH AUTHORITY COMPARISON OF ADOPTED BUDGET TO AUDITED RESULTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2015								
STATEMENT OF FINANCIAL POSITION								
	ADOPTED BUDGET	BUDGET REVIEW SEPTEMBER	BUDGET REVIEW DECEMBER	BUDGET REVIEW MARCH	REVISED BUDGET	AUDITED RESULT	VARIATION AGAINST REVISED (SEPT) BUDGET	VARIATION
	\$	\$	\$	\$	\$	\$		%
CURRENT ASSETS								
Cash and Cash Equivalents	528,082	191,733	40,000	-	759,815	789,971	70,156	13%
Trade & Other Receivables	175,594	2,918	-	-	178,512	162,272	(16,240)	-9%
Other	-	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS	703,676	194,651	40,000	-	938,327	952,243	53,916	8%
CURRENT LIABILITIES								
Trade & Other Payables	254,461	(73,139)	-	-	181,322	108,708	(72,614)	-29%
Provisions	87,673	163,421	-	-	251,094	236,220	(14,874)	-17%
Borrowings	50,920	-	-	-	50,920	55,934	5,014	10%
Other	-	-	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	393,054	90,282	-	-	483,336	400,862	(82,474)	-21%
NET CURRENT ASSETS/(CURRENT LIABILITIES)	310,622	104,369	40,000	-	454,991	551,381	136,390	29%
NON-CURRENT ASSETS								
Equipment	434,545	9,404	-	-	443,949	441,095	(2,854)	-1%
Other	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	434,545	9,404	-	-	443,949	441,095	(2,854)	-1%
NON-CURRENT LIABILITIES								
Provisions	52,203	(8,985)	-	-	43,218	41,662	(1,556)	-3%
Borrowings	441,394	(1,181)	-	-	440,213	435,198	(5,015)	-1%
TOTAL NON-CURRENT LIABILITIES	493,597	(10,166)	-	-	483,431	476,860	(6,571)	-1%
NET ASSETS	251,570	123,939	40,000	-	415,509	515,616	140,107	56%
EQUITY								
Accumulated Surplus/(Deficit)	251,570	123,939	40,000	-	415,509	515,616	140,107	56%
TOTAL EQUITY	251,570	123,939	40,000	-	415,509	515,616	140,107	56%

EASTERN HEALTH AUTHORITY COMPARISON OF ADOPTED BUDGET TO AUDITED RESULTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2015

STATEMENT OF CHANGES IN EQUITY

	ADOPTED BUDGET	BUDGET REVIEW SEPTEMBER	BUDGET REVIEW DECEMBER	BUDGET REVIEW MARCH	REVISED BUDGET	AUDITED RESULT	VARIATION AGAINST REVISED (SEPT) BUDGET	VARIATION %
	\$	\$	\$	\$	\$	\$		%
ACCUMULATED SURPLUS								
Balance at beginning of period	282,682	120,310	-		402,992	402,992	-	-
Net Surplus/(Deficit)	(31,112)	3,629	40,000		12,517	112,624	140,107	-450%
Distribution to Constituent Councils	-	-	-		-	-	-	-
Balance at end of period	251,570	123,939	40,000	-	415,509	515,616	140,107	56%
TOTAL EQUITY	251,570	123,939	40,000	-	415,509	515,616	140,107	56%

Eastern Health Authority - Funding Statement 2015					
Income	Adopted Budget	Revised Budget	Actual Result	Variation to Adopted Budget	Variation to Revised Budget
Constituent Council Income	2014-2015				
City of Burnside	\$ 400,896	\$ 400,896	\$ 400,896	\$ -	\$ -
City of Campbelltown	\$ 376,995	\$ 376,995	\$ 376,995	\$ -	\$ -
City of NPS	\$ 487,613	\$ 487,613	\$ 487,613	\$ -	\$ -
City of Prospect	\$ 222,291	\$ 222,291	\$ 222,291	\$ -	\$ -
Town of Walkerville	\$ 88,809	\$ 88,809	\$ 88,809	\$ -	\$ -
Public Health Plan Contributions	\$ -	\$ 15,500	\$ -	\$ -	\$ (15,500)
Total Constituent Council Contributions	\$ 1,576,605	\$ 1,592,105	\$ 1,576,605	\$ -	\$ (15,500)
Statutory Charges					
Food Inspection fees	\$ 80,000	\$ 50,000	\$ 49,059	\$ (30,941)	\$ (941)
Legionella registration and Inspection	\$ 22,000	\$ 22,000	\$ 22,779	\$ 779	\$ 779
SRF Licenses	\$ 5,700	\$ 5,700	\$ 4,602	\$ (1,098)	\$ (1,098)
Fines	\$ 75,000	\$ 100,000	\$ 80,890	\$ 5,890	\$ (19,110)
Total Statutory Charges	\$ 182,700	\$ 177,700	\$ 157,330	\$ (25,370)	\$ (20,370)
User Charges					
Immunisation - non funded vaccines	\$ 79,000	\$ 49,000	\$ 56,222	\$ (22,778)	\$ 7,222
Immunisation - Worksites	\$ 100,000	\$ 100,000	\$ 103,385	\$ 3,385	\$ 3,385
Food Auditing	\$ 57,000	\$ 52,000	\$ 46,220	\$ (10,780)	\$ (5,780)
City of Unley	\$ 106,000	\$ 96,000	\$ 97,136	\$ (8,864)	\$ 1,136
Food Safety Training	\$ 4,500	\$ 1,500	\$ 486	\$ (4,014)	\$ (1,014)
Total User Charges	\$ 346,500	\$ 298,500	\$ 303,449	\$ (43,051)	\$ 4,949
Grants, Subsidies, Contributions					
School Based immunisation Program	\$ 98,000	\$ 76,000	\$ 75,881	\$ (22,119)	\$ (119)
Child Immunisation register	\$ 42,500	\$ 42,500	\$ 42,102	\$ (398)	\$ (398)
Total Grants, Subsidies, Contributions	\$ 140,500	\$ 118,500	\$ 117,983	\$ (22,517)	\$ (517)
Investment Income					
Interest on investments	\$ 25,000	\$ 22,000	\$ 20,871	\$ (4,129)	\$ (1,129)
Total Investment Income	\$ 25,000	\$ 22,000	\$ 20,871	\$ (4,129)	\$ (1,129)
Other Income					
Motor Vehicle re-imburements	\$ 12,500	\$ 5,500	\$ 2,614	\$ (9,886)	\$ (2,886)
Sundry Income	\$ 6,000	\$ 6,000	\$ 3,993	\$ (2,007)	\$ (2,007)
Total Other Income	\$ 18,500	\$ 11,500	\$ 6,607	\$ (11,893)	\$ (4,893)
Total of non Constituent Council Income	\$ 713,200	\$ 628,200	\$ 606,240	\$ (106,960)	\$ (21,960)
Total Income	\$ 2,289,805	\$ 2,220,305	\$ 2,182,845	\$ (106,960)	\$ (37,460)

Eastern Health Authority - Funding Statement 2015					
Expenditure	Adopted Budget	Revised Budget	Actual Result	Variation to Adopted Budget	Variation to Revised Budget
Employee Costs					
Salaries & Wages	\$ 1,460,000	\$ 1,310,000	\$ 1,231,367	\$ (228,633)	\$ (78,633)
Superannuation	\$ 125,000	\$ 120,000	\$ 112,868	\$ (12,132)	\$ (7,132)
Workers Compensation	\$ 16,000	\$ 16,000	\$ 14,639	\$ (1,361)	\$ (1,361)
Employee Leave Expenses	\$ 30,000	\$ 30,000	\$ (16,430)	\$ (46,430)	\$ (46,430)
Medical Officer Retainer / Agency Staff	\$ -	\$ -	\$ 11,543	\$ 11,543	\$ 11,543
Total Employee Costs	\$ 1,631,000	\$ 1,476,000	\$ 1,353,987	\$ (277,013)	\$ (122,013)
Prescribed Expenses					
Auditing and Accounting	\$ 17,000	\$ 22,000	\$ 17,290	\$ 290	\$ (4,710)
Insurance	\$ 26,000	\$ 26,000	\$ 25,950	\$ (50)	\$ (50)
Maintenance	\$ 45,000	\$ 45,000	\$ 47,020	\$ 2,020	\$ 2,020
Vehicle Leasing/maintenance	\$ 67,000	\$ 67,000	\$ 63,255	\$ (3,745)	\$ (3,745)
Total Prescribed Expenses	\$ 155,000	\$ 160,000	\$ 153,515	\$ (1,485)	\$ (6,485)
Rent and Plant Leasing					
Electricity	\$ 10,000	\$ 10,000	\$ 9,178	\$ (822)	\$ (822)
Plant Leasing Photocopier	\$ 5,700	\$ 5,700	\$ 6,204	\$ 504	\$ 504
Rent	\$ 94,000	\$ 94,000	\$ 92,588	\$ (1,412)	\$ (1,412)
Water & ESL	\$ -	\$ -	\$ 1,137	\$ 1,137	\$ 1,137
Gas	\$ 2,000	\$ 2,000	\$ 3,210	\$ 1,210	\$ 1,210
Total Rent and Plant Leasing	\$ 111,700	\$ 111,700	\$ 112,317	\$ 617	\$ 617
IT Licensing and Support					
IT Licences	\$ 10,000	\$ 10,000	\$ 11,475	\$ 1,475	\$ 1,475
IT Support	\$ 18,000	\$ 35,000	\$ 40,763	\$ 22,763	\$ 5,763
Internet	\$ 2,000	\$ 2,000	\$ 1,303	\$ (697)	\$ (697)
IT Other	\$ 2,000	\$ 2,000	\$ 2,295	\$ 295	\$ 295
Total IT Licensing and Support	\$ 32,000	\$ 49,000	\$ 55,836	\$ 23,836	\$ 6,836
Administration					
Administration Sundry	\$ 7,000	\$ 7,000	\$ 10,167	\$ 3,167	\$ 3,167
Accreditation Fees	\$ 3,000	\$ 3,000	\$ 3,262	\$ 262	\$ 262
Board of Management	\$ 19,000	\$ 19,000	\$ 15,800	\$ (3,200)	\$ (3,200)
Bank Charges	\$ 3,000	\$ 3,000	\$ 3,003	\$ 3	\$ 3
Public Health Sundry	\$ 5,000	\$ 5,000	\$ 5,564	\$ 564	\$ 564
Fringe Benefits Tax	\$ 18,000	\$ 18,000	\$ 16,148	\$ (1,852)	\$ (1,852)
Health promotion	\$ 5,000	\$ 5,000	\$ 4,720	\$ (280)	\$ (280)
Legal	\$ 20,000	\$ 20,000	\$ 17,689	\$ (2,311)	\$ (2,311)
Printing & Stationery & Postage	\$ 30,000	\$ 30,000	\$ 33,575	\$ 3,575	\$ 3,575
Telephone	\$ 15,000	\$ 15,000	\$ 14,001	\$ (999)	\$ (999)
Occupational Health & Safety	\$ 2,000	\$ 32,000	\$ 1,112	\$ (888)	\$ (30,888)
Rodenticide	\$ 2,000	\$ 2,000	\$ 2,446	\$ 446	\$ 446
Staff Amenities	\$ 7,000	\$ 7,000	\$ 4,422	\$ (2,578)	\$ (2,578)
Staff Training	\$ 22,000	\$ 22,000	\$ 19,614	\$ (2,386)	\$ (2,386)
Human Resource Sundry	\$ 14,000	\$ 14,000	\$ 14,645	\$ 645	\$ 645
Total Administration	\$ 172,000	\$ 202,000	\$ 166,168	\$ (5,832)	\$ (35,832)

Eastern Health Authority - Funding Statement 2015 (cont.)					
Expenditure	Adopted Budget	Revised Budget	Actual Result	Variation to Adopted Budget	Variation to Revised Budget
Immunisation					
Immunisation SBP Consumables	\$ 9,500	\$ 9,500	\$ 6,311	\$ (3,189)	\$ (3,189)
Immunisation clinic vaccines	\$ 58,000	\$ 33,000	\$ 48,557	\$ (9,443)	\$ 15,557
Immunisation worksite vaccines	\$ 14,000	\$ 14,000	\$ 15,275	\$ 1,275	\$ 1,275
Total Administration	\$ 81,500	\$ 56,500	\$ 70,143	\$ (11,357)	\$ 13,643
Uniforms/Income protection					
Income Protection	\$ 16,000	\$ 16,000	\$ 16,801	\$ 801	\$ 801
Total Uniforms/Income protection	\$ 16,000	\$ 16,000	\$ 16,801	\$ 801	\$ 801
Sampling					
Legionella Testing	\$ 11,000	\$ 14,000	\$ 13,053	\$ 2,053	\$ (947)
Food Sampling	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)	\$ (1,000)
Total Sampling	\$ 12,000	\$ 15,000	\$ 13,053	\$ 1,053	\$ (1,947)
New Initiatives					
Regional Public Health Plan	\$ -	\$ 15,500	\$ 20,678	\$ 20,678	\$ 5,178
Total New Initiatives	\$ -	\$ 15,500	\$ 20,678	\$ 20,678	\$ 5,178
Total Materials, contracts and other expenses	\$ 580,200	\$ 625,700	\$ 608,511	\$ 28,311	\$ (17,189)
Total Operating Expenditure	\$ 2,211,200	\$ 2,101,700	\$ 1,962,498	\$ (248,702)	\$ (139,202)
Finance Charges	\$ 28,866	\$ 25,237	\$ 24,016	\$ (4,850)	\$ (1,221)
Depreciation, amortisation and impairment	\$ 80,851	\$ 80,851	\$ 83,705	\$ 2,854	\$ 2,854
Total Expenditure	\$ 2,320,917	\$ 2,207,788	\$ 2,070,219	\$ (250,698)	\$ (137,569)
Total Income	\$ 2,289,805	\$ 2,220,305	\$ 2,182,845	\$ (106,960)	\$ (37,460)
Net Surplus/Deficit	\$ (31,112)	\$ 12,517	\$ 112,626	\$ 143,738	\$ 100,109
Depreciation Add Back	\$ 80,851	\$ 80,851	\$ 83,705	\$ 2,854	\$ 2,854
Loan Repayments	\$ (53,368)	\$ (53,368)	\$ (55,934)	\$ (2,566)	\$ (2,566)
Cash Result	\$ (3,629)	\$ 40,000	\$ 140,397	\$ 144,026	\$ 100,397

5.3 REVIEW OF THE EASTERN HEALTH AUTHORITY TERMS OF REFERENCE

Author: Michael Livori
Ref: AF12/195

Summary

This report seeks to provide members the opportunity to a review and recommend changes to the Terms of Reference (ToR) of Eastern Health Authority Audit Committee.

Discussion

The current ToR are provided as attachment 1.

No changes to the ToR has been made to the document other than minor grammatical changes and changes to reflect the new logo of EHA.

There is now an opportunity for the committee to consider any further changes to the current ToR and forward recommendations to the Board.

Recommendation

That:

Review of Eastern Health Authority Terms of Reference Report is received.



EHA Audit Committee

TERMS OF REFERENCE

The document on EHA's Records Management System is considered to be the current and controlled version. Before using a printed copy, verify that it is the current version.

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EHA Audit Committee

TERMS OF REFERENCE

1. MEMBERSHIP

- 1.1 *The Audit Committee of Eastern Health Authority (EHA) is formed under Section 41 of the Local Government Act 1999 (the Act), for the purposes of Section 126 of the Act.*
- 1.2 *Members of the committee are appointed by EHA. The committee shall comprise three members consisting of two independent members and one Board Member.*
- 1.3 *Independent Members of the Committee shall have extensive and relevant financial management, risk management or internal audit qualifications and experience.*
- 1.4 *Only members of the committee are entitled to vote in committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the committee for a decision.*
- 1.5 *In accordance with the principles of open, transparent and informed decision making, committee meetings must be conducted in a place open to the public. The agenda and minutes of the committee meetings, subject to any items that are discussed in confidence under Section 90 of the Act and subsequently retained as confidential under Section 91 of the Act, are also required to be made available to the public.*
- 1.6 *Individual members of EHA's administration staff, such as the Chief Executive Officer and Senior Staff may attend any meeting as observers or be responsible for preparation of papers for the Committee.*
- 1.7 *EHA's external auditor may also be invited to attend meetings of the committee, as appropriate.*
- 1.8 *Appointments to the committee shall be for a period of two years. At the expiration of this period all positions will be declared vacant and nominations will be sought for another two year term. Appointees may be reappointed by EHA through this process.*
- 1.9 *The Presiding Member of the committee will be one of the independent members and will be appointed by the Audit Committee for the term of the Committee. In the absence of the chairperson the Committee will appoint one of the other members as Acting Presiding Member for the duration of the meeting.*

2. SECRETARIAL RESOURCES

- 2.1 *The Chief Executive Officer shall provide sufficient administrative resources to the committee to enable it to adequately carry out its functions.*

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3. QUORUM

- 3.1 *The quorum necessary for the transaction of business shall be 2 members. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.*

4. FREQUENCY OF MEETINGS

- 4.1 *The committee shall meet at least twice per annum. The Committee can meet otherwise as required, and as approved by the Chairperson.*

5. NOTICE OF MEETINGS

- 5.1 *Ordinary meetings of the committee will be held at times and places determined by EHA or, subject to a decision of EHA, the committee. EHA recognised that the EHA Audit Committee can determine the time and place of its meetings at a meeting held on 1 February 2012 at Item 7.9. A special meeting of the committee may be called in accordance with the Act.*
- 5.2 *Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the committee and observers, no later than three clear business days before the date of the meeting. Supporting papers shall be sent to committee members (and to other attendees as appropriate) at the same time.*

6. MINUTES OF MEETINGS

- 6.1 *The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the committee, including recording the names of those present and in attendance, are minuted and that the minutes otherwise comply with the requirements of the Local Government (Procedure at Meetings) Regulations 2000.*
- 6.2 *Minutes of committee meetings shall be circulated within five days after a meeting to all members of the committee and to all members of EHA and will (as appropriate) be available to the public.*

7. ROLE OF THE COMMITTEE

7.1 FINANCIAL REPORTING

- 7.1.1 *The committee shall monitor the integrity of the financial statements of EHA, including its annual report, reviewing significant financial reporting issues and judgements which they contain.*
- 7.1.2 *The committee shall review and challenge where necessary:*
- 7.1.2.1 *the consistency of, and/or any changes to, accounting policies;*
- 7.1.2.2 *the methods used to account for significant or unusual transactions where different approaches are possible;*

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- 7.1.2.3 *whether EHA has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;*
- 7.1.2.4 *the clarity of disclosure in EHA's financial reports and the context in which statements are made; and*
- 7.1.2.5 *all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (in so far as it relates to audit and risk management).*

7.2 INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

- 7.2.1 *The committee shall review the effectiveness of EHA's internal controls and risk management systems.*
- 7.2.2 *The committee shall review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management.*

7.3 WHISTLE BLOWING

- 7.3.1 *The committee shall review EHA's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure these arrangements allow independent investigation of such matters and appropriate follow-up action.*

7.4 INTERNAL AUDIT

The Committee shall:

- 7.4.1 *monitor and review the effectiveness of EHA's internal audit processes in the context of EHA's overall risk management system;*
- 7.4.2 *discuss and approve the Internal Audit Program and consider appropriate resourcing*
- 7.4.3 *review internal audit reports, consider recommendations and review and monitor reports on EHA's operations from the internal auditor*
- 7.4.4 *review and monitor management's responsiveness to the findings and recommendations*

7.5 EXTERNAL AUDIT

The Committee shall:

- 7.5.1 *monitor and review the effectiveness of EHA's external audit function;*
- 7.5.2 *consider and make recommendation on the program of the external audit function;*

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- 7.5.3 *review the external auditor's report on the preparation of EHA's end of year financial statements;*
- 7.5.4 *review any reports on EHA's operations prepared by the external auditor;*
- 7.5.5 *review and monitor management's responsiveness to the findings and recommendations of the external auditor;*
- 7.5.6 *consider and make recommendations to EHA, in relation to the appointment, re-appointment and removal of EHA's external auditor, including where the auditor resigns during the period of appointment.*
- 7.5.7 *oversee EHA's relationship with the external auditor including, but not limited to:*
 - 7.5.7.1 *recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;*
 - 7.5.7.2 *recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;*
 - 7.5.7.3 *assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of EHA's relationship with the auditor, including the provision of any non-audit services;*
 - 7.5.7.4 *satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and EHA (other than in the ordinary course of business);*
 - 7.5.7.5 *monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and*
 - 7.5.7.6 *assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the audit committee's own internal quality procedures);*
- 7.5.8 *review any representation letter(s) requested by the external auditor before they are signed by management;*
- 7.5.9 *review the management letter and management's response to the external auditor's findings and recommendations.*

8. REPORTING RESPONSIBILITIES

- 8.1 *The committee shall make whatever recommendations to EHA it deems appropriate on any area within its terms of reference where in its view action or improvement is needed.*

9. OTHER MATTERS

The committee shall:

- 9.1 *have access to reasonable resources in order to carry out its duties;*

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- 9.2 *be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;*
- 9.3 *give due consideration to laws and regulations of the Act;*
- 9.4 *make recommendations on co-ordination of the internal and external auditors;*
- 9.5 *oversee any investigation of activities which are within its terms of reference;*
- 9.6 *oversee action to follow up on matters raised by the external auditor; and*
- 9.7 *at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to EHA for approval.*

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Amendments to Version 1 and 2 ToR

- 1 1.2 – changed in accordance with resolution 14:022012 of the Eastern Health Authority Board Meeting 1 February 2012.
- 2 Note added to 5.1 in accordance with resolution 14:022012 of the Eastern Health Authority Board Meeting 1 February 2012.

Amendments to Version 3 ToR

- Clause 1.2 amended by deleting the sentence “The Chair may be a member of the committee, however will not hold the position of the Presiding Member of the committee” in accordance with resolution 9:082013 of the Eastern Health Authority Board Meeting 28 August 2013.
- 2 Clause 1.9 changed to read “The Presiding Member of the committee will be one of the independent members and will be appointed by the Audit Committee for the term of the Committee.” to reflect that there are two independent members on the committee in accordance with resolution 9:082013 of the Eastern Health Authority Board Meeting 28 August 2013.

Amendments to Version 4 ToR

ToR presented to the Audit Committee Meeting – 13/08/2014.

No amendments made.

Amendments to Version 5 ToR

ToR presented to the Audit Committee Meeting – 12/08/2015.

The document on EHA's Records Management System is considered to be the current and controlled version. Before using a printed copy, verify that it is the current version.

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5.4 ANNUAL BUSINESS PLAN AND BUDGETED FINANCIAL STATEMENTS FOR 2015/2016

Author: Michael Livori
Ref: AF15/10

Summary

At the Audit Committee meeting held on 27 May 2015 a report was provided to members at item 5.1 in relation to the development process for the Annual Business Plan and Budget for 2015/2016. This report is to update Audit Committee members in relation to the budget development process.

Report

As members were previously advised the Board of Management (BOM) endorsed a draft Annual Business Plan and Budget for 2015/2016 at its meeting held on 29 April 2015.

The EHA Charter at clause 3.5.3 requires the draft Annual Business Plan and Budget considered at EHA's April meeting to be provided to Constituent Councils seeking any comment.

The draft Annual Business Plan and Budget for 2015/2016 was subsequently provided to Constituent Councils on 5 May 2015. A copy of the correspondence is provided as attachment 1.

Correspondence received from Constituent Councils in response to the request for comment is provided as attachment 2. It should be noted that some councils have previously provided feedback following a request in March 2015.

It was not necessary to make any changes (other than grammatical and graphical changes) to the documents presented to and considered by the Board of Management at its meeting of 29 April 2015 and subsequently considered by Constituent Councils.

In accordance with the *Local Government Act 1999* and the Eastern Health Authority Charter, the Annual Business Plan and Budgeted Financial Statements for 2015/2016 (provided as attachment 3) are required to be adopted by the BOM.

At a meeting held on 24 June 2015 the Eastern Health Authority Board of Management (BOM) adopted its Annual Business Plan and Budget (ABP) for 2015/2016.

RECOMMENDATION

That:

The Eastern Health Authority Annual Business Plan and Budgeted Financial Statements for 2015/2016 report is received.

Our Ref: AF15/9

5 May 2015



eastern health authority

101 Payneham Road
St Peters SA 5069

PO Box 275
Stepney SA 5069

Phone 08 8132 3600

Fax 08 8132 3623

Email eha@eha.sa.gov.au

www.eha.sa.gov.au

ABN 52 535 526 439

Letter to all Constituent Council CEOs

Dear

RE: Eastern Health Authority (EHA) Annual Business Plan and Budget for 2015/2016.

In accordance with clause 3.5.3 of the Eastern Health Authority (EHA) Charter 2009 the Board of Management considered a draft Annual Business Plan and Budget (ABP) at its meeting held on 29 April 2015 (a copy of the report is enclosed).

This correspondence is to confirm that there has not been any material changes (grammatical and formatting changes only) made to the content of the ABP from that considered by the Board at its budget workshop on 11 March 2015. This version of the ABP was provided to Constituent Councils via correspondence dated 12 March 2015.

There has however been a change to the treatment of the proposed Constituent Council distribution in the financial statements. In the previous version of the financial statements sent to you the forecast for the 2015/2016 financial year was a deficit of \$224,917. The large deficit result was due to the council distribution of \$200,000 being treated as an operational expense.

After consultation with EHA Auditors, the Constituent Council distribution is now reflected through a reduction in Equity and Movement in Cash Flows. It has not been recorded as an operating expense. Subsequently the forecast for the 2015/2016 financial year is now a deficit of \$24,917. After considering depreciation add back of \$80,851 and loan repayments of \$55,934 the net budget result is \$0 or a balanced budget.

Thank you for your feedback in response to the correspondence sent on 12 March 2015. If you have any further feedback in relation to the 2015/2016 Annual Business Plan and Budget it would be appreciated if it could be received by 3 June 2015 so that it can be considered by the Board of Management at its meeting to be held on 26 June 2015.

If you need any more information or would like to discuss this further, please contact me on telephone 8132 3611.

Yours sincerely

Michael Livori
Chief Executive Officer

Local councils working together to protect the health of the community

REFERENCE: S/00046 (260078)
ENQUIRIES TO: MARIO BARONE
DIR. TELEPHONE: 8366 4539

RECEIVED
27 MAY 2015
BY:



City of
Norwood
Payneham
& St Peters

CHIEF
EXECUTIVE'S
OFFICE

25 May 2015

Mr Michael Livori
Chief Executive Officer
Eastern Health Authority
PO Box 275
STEPNEY SA 5069

175 The Parade
Norwood SA 5067

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Kent Town SA 5071

Telephone
8366 4555

Facsimile
8332 6338

Email
townhall@npsp.sa.gov.au

Website
www.npsp.sa.gov.au

Dear Michael

EASTERN HEALTH AUTHORITY 2015-2016 ANNUAL BUSINESS PLAN AND BUDGET

Thank you for your letter dated 5 May 2015, regarding the 2015-2016 Annual Business Plan and Budget.

I note that the change in the accounting treatment of the proposed cash distribution and the subsequent reduction in the budgeted Net Deficit from \$224,917 to \$24,917.

Thank you for the opportunity to provide comments on the Draft Budget for 2015-2016.

Should you wish to discuss the above further, please do not hesitate to contact me.

Yours sincerely


Mario Barone
CHIEF EXECUTIVE OFFICER



100% Australian Made
Recycled Paper

Community
Well-being is...
Social Equity
Cultural Vitality
Economic Prosperity
Environmental
Sustainability

MH:MDB
Container Ref: B280

Enq: Michelle Hammond
Ph: 8366 9260

3 June 2015

Mr Michael Livori
Chief Executive Officer
Eastern Health Authority
PO Box 275
STEPNEY SA 5069

11 JUN 2015

Dear Mr Livori

I refer to your correspondence dated 5 May 2015 and wish to advise that Council endorsed the Authority's Annual Business Plan and Budget for 2015/2016 at its meeting held on Tuesday 2 June 2015.

If you have any queries, please contact me.

Yours sincerely



Michelle Hammond CPA
General Manager Corporate & Community Services



From: [Michael Livori](#)
To: [Natajsha Bevitt](#)
Subject: FW: EHA Budget Review 3 and EHA Draft Annual Business Plan and Budget 2015-16
Date: Wednesday, 17 June 2015 8:38:12 AM

From: Manna Montu Abraham [mailto:MMontuAbraham@walkerville.sa.gov.au]
Sent: Wednesday, 17 June 2015 8:30 AM
To: Michael Livori
Subject: EHA Budget Review 3 and EHA Draft Annual Business Plan and Budget 2015-16

Hi Michael,

How are you!!

Please note that Council has considered EHA Budget Review 3 2014-15 and EHA Draft Annual Business Plan and Budget 2015-16 in its meeting held on 15 June 2015 and below are the two resolutions.

13.1.5 EHA Budget Review 3 2014-15

MOVED: Councillor
SECONDED: Councillor

CNC373/14-15

That Council:

1. That Council receives and notes the Audit Committee Meeting Minutes of 26 May 2015, regarding this matter, Audit Committee item 4.5;
2. Endorse the Eastern Health Authority (EHA) Budget Review 3 inclusive of variations therein, for FY 2014-15;
3. Notes that upon Constituent Councils approval, The Eastern Health Authority may officially resolve to amend the budget and the amended budget will be effective;
4. Directs Administration to write to the Eastern Health Authority (EHA), informing them of Council's endorsement of the Draft Budget Review 3 2014-15.

CARRIED

13.1.6 EHA Draft Annual Business Plan & Budget 2015-16

MOVED: Councillor Busato
SECONDED: Councillor Shetliffe

CNC374/14-15

That Council:

1. That Council receives and notes the Audit Committee Meeting Minutes of 26 May 2015, regarding this matter, Audit Committee item 4.3;
2. Endorse the Eastern Health Authority (EHA) Draft Annual Business Plan & Budget 2015-16;
3. Notes that all Constituent Councils contribute to the operational costs of EHA and any changes to its operations will have a direct impact on Council's financial contribution;
4. Directs Administration to write to the Eastern Health Authority (EHA), informing them of Council's endorsement of the Draft Annual Business Plan & Budget 2015-16.

CARRIED

Regards,

Manna Montu Abraham
Finance Controller

Town of Walkerville

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Annual Business Plan 2015/2016



local councils working together to protect the health of the community

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INTRODUCTION

The Eastern Health Authority (EHA) Charter requires an Annual Business Plan to support and inform the Annual Budget. To meet its legislative and governance requirements EHA's Budget and therefore its Annual Business Plan for the ensuing financial year must be adopted prior to June 30.

EHA's Annual Business Plan:

- includes an outline of:
 - (i) EHA's objectives for the financial year
 - (ii) the activities that EHA intends to undertake to achieve those objectives
 - (iii) the measures (financial and non-financial) which EHA intends to use to assess its performance against its objectives over the financial year
- assesses the financial requirements of EHA for the financial year and taking those requirements into account, sets out a summary of its proposed operating expenditure, capital expenditure and sources of revenue
- sets out the structure for determining Constituent Council contributions for the financial year

This document presents the Annual Business Plan for EHA for the 2015-2016 financial year. The Plan, together with the Annual Budget for the 2015-2016 financial year will be presented to EHA's Board of Management for adoption on 24 June 2015.

ABOUT EASTERN HEALTH AUTHORITY

EHA is a regional subsidiary established pursuant to the *Local Government Act 1999*.

Section 43 of the *Local Government Act 1999* enables two or more councils (known as Constituent Councils) to establish a regional subsidiary to perform a function of the councils in a joint service delivery arrangement. The function performed may be prescribed by the *Local Government Act 1999* or another Act.

EHA's Constituent Councils are:

- City of Burnside (Burnside)
- Campbelltown City Council (Campbelltown)
- City of Norwood Payneham and St Peters (NPSP)
- City of Prospect (Prospect)
- The Corporation of the Town of Walkerville (Walkerville)

The region that the five councils encompass is predominantly residential with retail / commercial land use and limited industrial activity. Development dates from the mid 1800s and many heritage-listed buildings remain. Major features of the area include popular dining and shopping precincts, numerous public and private schools, large sporting complexes, public swimming centres, hospitals, two national parks and a university. The River Torrens and five major creeks traverse the area.

The area covered by EHA is located in Adelaide's eastern and inner northern suburbs. EHA discharges its Constituent Councils' environmental health responsibilities that are mandated in the following legislation:

South Australian Public Health Act 2011

Food Act 2001

Supported Residential Facilities Act 1992

A wide range of functions are performed to protect the health and wellbeing of 159,176 residents plus those people who visit the region. Functions include the provision of immunisation services, hygiene and sanitation control, licensing and monitoring of Supported Residential Facilities (SRFs) and surveillance of food premises.

The diversity and increasing complexity of environmental health makes it difficult for small organisations to have staff who are experienced and fully competent across all spheres of the profession. EHA is structured to proficiently deliver all required services on behalf of its Constituent Councils.

With the demand for local government to adopt a more cooperative focus in the structure of their organisations and the delivery of their services EHA serves as an outstanding example of shared service delivery. It is local councils working together to protect the health of their communities.

The table below provides a snapshot of the environmental health services provided for each Constituent Council.

Table 1: 2014 Snapshot of the environmental health services provided for each Constituent Council

Activity Data	Burnside	Campbelltown	NPSP	Prospect	Walkerville	Total
No. of Food Premises	255	240	399	158	39	1091
Swimming Pools	18	3	16	2	3	42
High Risk Manufactured Systems	12	7	20	7	7	53
Supported Residential Facilities	3	2	1	2	0	8
Environmental Health Complaints	65	95	79	33	15	287
Hairdresser/Beauty Treatment	60	52	89	29	7	237
No. of Yr 8 Enrolments	1295	1184	1281	355	141	4256
Average clients receiving vaccines at public clinics	970	1184	1663	353	171	4341

OVERVIEW OF THE BUSINESS PLAN

EHA develops an Annual Business Plan for the purposes of translating strategic directions into actions, outputs and outcomes for the relevant financial year.

In preparing the Annual Business plan there are a number of key influences that are taken into consideration to ensure that EHA can continue to provide services and programs to its Constituent Councils and the community.

Significant Influences

Significant factors which have influenced the preparation of the 2015-2016 Annual Business Plan are:

- enterprise bargaining and increment level increases for staff employment arrangements
- the continuation of the contract service to undertake immunisations and monitor Supported Residential Facilities on behalf of The City of Unley
- the continuation of the worksite immunisation program
- national schedule changes to the School Based Immunisation Program (SBIP) and continuation of the service agreement with SA Health
- increase in rent costs
- ongoing implementation of *South Australian Public Health Act 2011*
- implementation and monitoring of Regional Public Health Plan in conjunction with Constituent Councils
- support for Eastern Regional Public Health Plan Advisory Committee
- distribution of funds to Constituent Councils

Priorities

EHA has set the following priorities as part of the 2015-2016 Annual Business Plan:

- to continue to provide a professional and cost effective environmental health service to its Constituent Councils and their respective communities
- support the Eastern Regional Public Health Plan Advisory Committee
- implement and monitor the Regional Public Health Plan in conjunction with Constituent Councils
- refine Health Manager system to provide improved reporting and gain efficiencies in on site applications
- evaluate implementation of tablets using Health Manager software for field based data capture
- review EHA WHS and IM Plan 2012 – 2015
- ongoing evolution of performance development system
- refine process for inducting staff
- retender for current service contracts

FUNDING THE BUSINESS PLAN AND THE BUDGET

EHA bases its expenditure on the services required to ensure its Constituent Councils are meeting their wide range of legislative responsibilities which are mandated in a range of legislation including the South Australian *Public Health Act 2011*; *Food Act 2001*; *Supported Residential Facilities Act 1992* and the *Local Government Act 1999*.

The forecast for the 2015-2016 financial year is that EHA's expenditure to carry out its operational activities detailed in the annual business plan will exceed its operating income resulting in a deficit of \$24,917.

After considering depreciation add back \$80,851 and loan repayments (\$55,934), the net budget result is a break-even budget. To achieve this net budget result, a total of \$1,609,306 will be raised through contributions from our Constituent Councils for operational expenditure in 2015-2016.

A distribution of funds to Constituent Councils of \$200,000 has been budgeted this financial year. The distribution is a result of surplus results achieved in 2013 and 2014. The distribution is reflected in the Statement of Cash Flows and Statement of Changes in Equity.

EHA's Charter requires Constituent Councils to contribute to its operations in accordance with a formula that calculates the estimated proportion of overall activities it requires. The calculations are based on the previous year's activities.

The Budgeted Financial Statements (found on pages 35 to 36) put the annual budget required to implement the annual business plan into a format which provides a complete picture of EHA's financial position to its member councils. They consist of a Budgeted Income Statement, Budgeted Balance Sheet, Budgeted Statement of Changes in Equity and Budgeted Statement of Cash Flows.

Sources of revenue other than Constituent Council contributions which are utilised to fund the activities of EHA are listed on the following page.

Statutory Charges

Statutory Charges relate mainly to fees and fines levied in accordance with legislation and include food inspection fees, supported residential facility licences, and environmental health related fines.

User Charges

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of EHA's services. These include the provision of food safety audit services, worksite immunisation programs, school based immunisation program, fee vaccines at community immunisation clinics, service delivery fee (\$40.00) for non-residents, immunisation contract services to The City of Unley and the licensing of SRFs on behalf of The City of Unley.

Grants

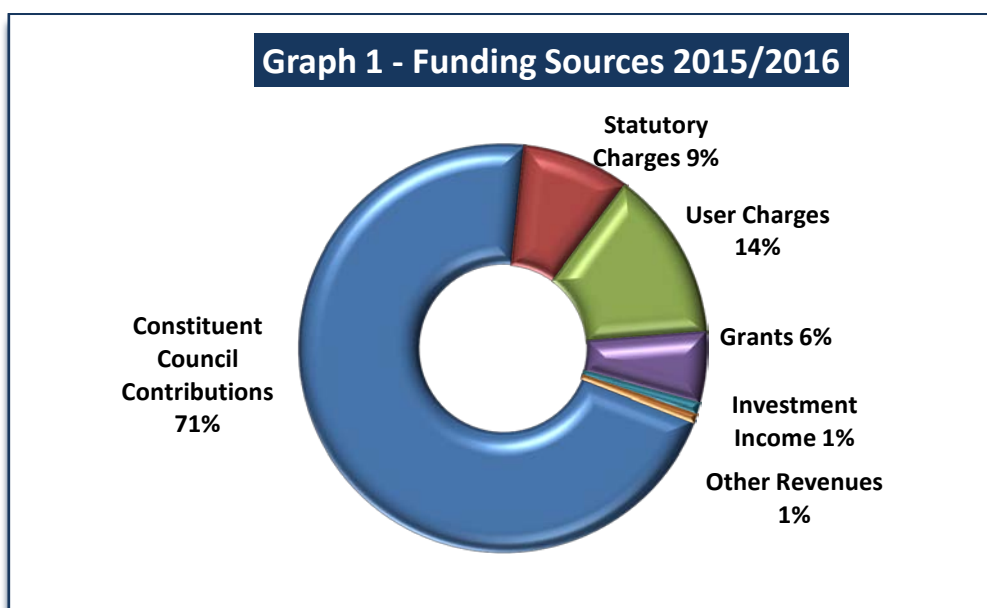
Grants include monies received from State and Federal Governments for the purposes of funding the delivery of the programs such as immunisation services.

Investment Income

Investment income includes interest on operating cash held with the Local Government Finance Authority.

Other Revenues

Other revenues relates to a range of unclassified items which do not fit within the main income categories.



As a guide, the table below details each Constituent Council's expenditure on Public Health services provided by EHA as a percentage of their total expenditure based on 2014 budget figures.

Table 2: Each Constituent Council's expenditure on Public Health services provided by EHA

	Contribution 2014/2015	Total Budgeted Expenditure 2014/2015	Public Health Spend %
Burnside	\$400,896	\$40,974,422	0.98%
Campbelltown	\$376,996	\$37,472,950	1.01%
NPSP	\$487,613	\$37,686,000	1.29%
Prospect	\$222,291	\$21,383,715	1.04%
Walkerville	\$88,809	\$9,758,028	0.91%
Total Constituent Council Expenditure	\$1,576,605	\$147,275,115	1.07%

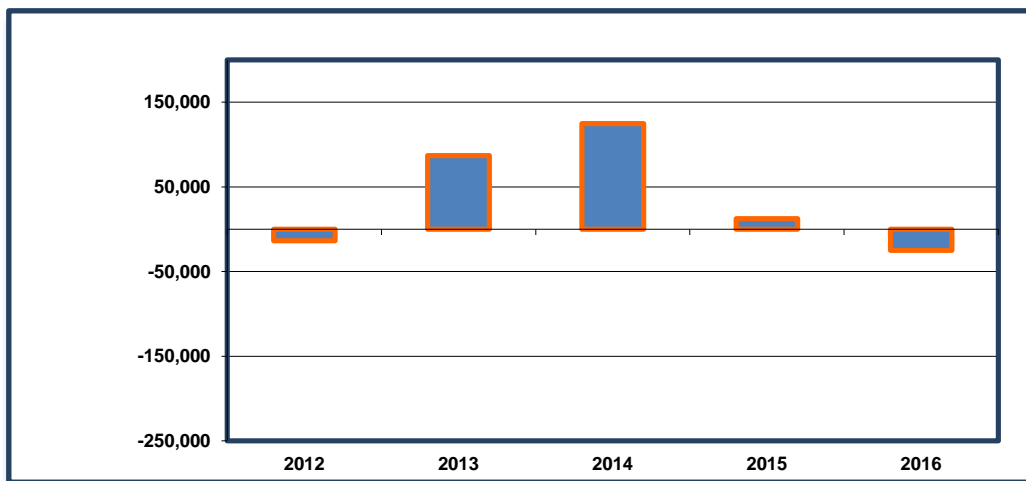
FINANCIAL INDICATORS

A series of financial indicators have been developed by local government to assist in determining whether a local government organisation is financially sustainable or moving to a position of financial sustainability. These indicators are set out below.

Operating Surplus/ (Deficit)

This graph indicates the difference between day-to-day income and expenses for the particular financial year. It shows the extent to which operating revenue is sufficient to meet all operating expenses including depreciation and consequently the quantum of expenses which is being met by Constituent Councils.

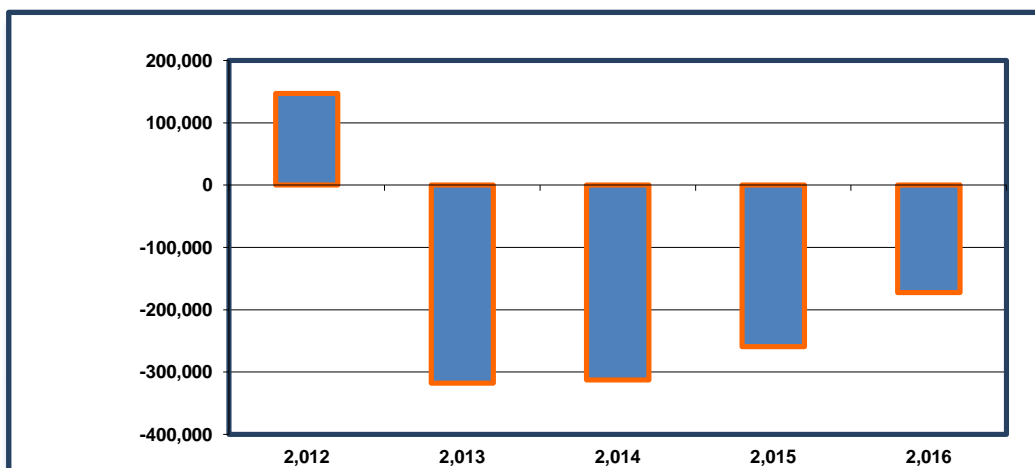
Graph 2: Operating Surplus / (Deficit)



Net Financial Assets

This graph indicates the money held, invested or owed to EHA less money owed to others (including provisions for employee entitlements).

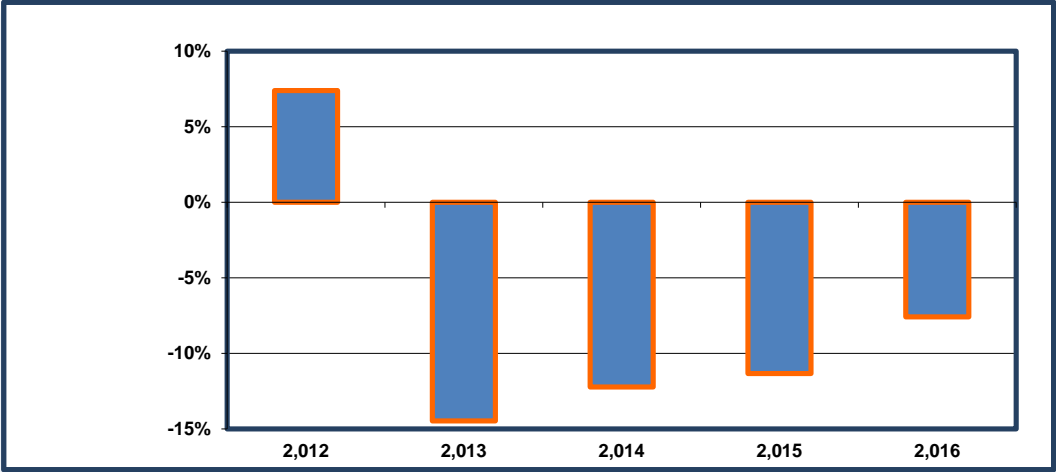
Graph 3: Net Financial Assets



Net Financial Assets Ratio

This ratio indicates the extent to which net financial assets of a subsidiary can meet its operating revenue. Where the ratio is decreasing, it indicates a greater amount of a subsidiary’s operating revenues is required to service its financial obligations.

Graph 4: Net Financial Assets Ratio



ACTIVITIES FOR 2015-2016

The following information reflects the actions which will be performed to achieve the objectives of the seven core activities of EHA over the next 12 months.

1.0 – Governance and Organisational Development

Background

EHA is governed by its Charter and the application of good governance and administration practices which ensure its requirements are met is essential.

Practices which ensure EHA conducts its business in an effective manner include the provision of appropriate support to the Board of Management and sound financial and human resource management.

The staff who are employed by EHA are its most valuable asset. It is essential that the working environment is one which nurtures and supports effective collaboration, and where knowledge and value are continually created. Professional peer support allows for the potential to build organisational capacity through the transfer and pooling of knowledge and assists in workforce retention and stability. An appropriate work environment helps to promote a dynamic and committed workforce.

Under the *South Australian Public Health Act 2011*, EHA is required to develop a public health plan, consistent with the State Public Health Plan and which respond to public health challenges in the local area. Public health planning adopts a holistic approach to assessing the public health impacts and opportunities across a wide range of local government functions.

Objective 1 Administration of legislative and corporate governance requirements

Actions	Performance Measures
1.1 Monitor the compliance schedule which stipulates the statutory requirements identified in the Charter.	Statutory requirements complied with as per schedule.
1.2 Properly convene Board meetings providing agendas and minutes. Minimum of 5 ordinary meetings conducted. Notice of meeting given 3 clear days before ordinary meeting. Minutes provided within 5 days of meeting.	5 meetings conducted. Appropriate notice given. Timeframe met.
1.3 Conduct election for Chair and Deputy Chair of Board of Management in February.	Election conducted at February meeting.
1.4 Annual business plan to be developed with detailed objectives for the year in consultation with Constituent Councils.	Draft considered at May meeting and adopted at June meeting.
1.5 Develop budgeted financial statements to implement the Annual Business Plan of EHA. Draft Budgeted Financial Statements considered at May meeting. Budgeted Financial Statements adopted at June meeting.	Budget and Financial Statements adopted. Copy of budget provided to CEO of Constituent Councils within 5 days of adoption.
1.6 Keep proper books of account, regularly report on the financial position of EHA, and apply prudent financial management as required by the Charter.	Financial reports provided at each Board Meeting. Budget reviews presented at October, February and May meetings.
1.7 Conduct Audit Committee meetings as required by Charter.	Audit committee meet minimum of two times per annum.
1.8 Ensure the financial statements are audited annually. As per the requirements of the Charter.	Audited financial statements adopted at August meeting and provided to Constituent Councils within 5 days.
1.9 Monitor Long Term Financial Plan.	Plan reviewed annually as part of budget process.
1.10 Improve data collection and reporting from Health Manager to enable more effective and efficient reporting.	Opportunities for improvement identified and implemented prior to each new financial year.
1.11 Provide regular statistical reports to Board Members and Constituent Council.	Reports provided at scheduled Board meetings.

Actions (continued)	Performance Measures
1.12 Conduct annual review of delegations. Lead Constituent Councils in process. Resolutions and Instruments of delegation provided to Constituent Councils.	Documents provided to Constituent Councils. Delegations from EHA to CEO reviewed.
1.13 Compile annual report in relation to the operations of EHA as required by the charter.	Annual report adopted at August meeting and provided to Constituent Councils and other stakeholders.
1.14 Compile report pursuant to the <i>South Australian Public Health Act 2011</i> in relation to the operations of EHA as required by legislation.	Report adopted at relevant Board meeting and provided to Public Health Council.
1.15 Compile annual report pursuant to the <i>Food Act 2001</i> in relation to the operations of EHA as required by legislation.	Report adopted at August meeting and provided to SA Health.
1.16 Compare Annual Business Plan against performance measures.	Report presented to August meeting.
1.17 Provide delegates report to CEO of each Constituent Council following Board meetings for tabling at subsequent council meeting.	Reports provided following Board meetings.
1.18 Properly convene meetings of Constituent Council nominated contacts including providing agendas and minutes.	4 meetings conducted per year.
1.19 Maintenance of electronic records management system to properly maintain records and reference documents of EHA.	System developed to ensure appropriate standards are being met.
1.20 Explore the potential for the expansion of service provision to areas outside of its current Constituent Council areas.	Report to Board on expansion opportunities.
1.21 Implement a computer "failover system" to assist with continuity of service in the event of loss of access to computer infrastructure.	Failover system implemented.
1.22 Maintenance of Health Manager (electronic database). Re-evaluate its current internal and external functionality, to improve inspection, complaint and administrative efficiency and reporting capabilities.	Internally review current applications and reporting capabilities. Liaise with Open Office to discuss new applications.
1.23 Provide administrative assistance to the Public Health Plan Advisory Committee and coordinate reports to the Board of Management.	Reports provided to Board Meetings as required.
1.24 Participate in the Environmental Managers Forum to address environmental health issues and promote uniformity and professional consistency.	Management to attend and participate in the Environmental Managers Forum meetings.

Actions (continued)	Performance Measures
1.25 Continue membership and actively participate in the Eastern Adelaide Zone Emergency Management Committee to develop and finalise the Eastern Zone Emergency Management Plan.	Management to attend the Eastern Adelaide Zone Emergency Management Committee and actively contribute towards the development of the Eastern Zone Emergency Management Plan.
1.26 EHO's to continue to utilise the hand held electronic tablets with access to Health Manager during routine food inspections and complaint investigations. Expand the use of the electronic tablets in other EHO onsite field work.	Introduction and implementation of electronic tablets to other EHO onsite field work to improve inspection, complaint and administrative efficiency.

Objective 1.1 Professional, skilled and committed staff providing valued services to the community

Actions	Performance Measures
1.1.1 Ensure that EHA is properly staffed and resourced in order to carry out its responsibilities.	Continually review staff resources and report to Board if required.
1.1.2 Performance development system used to support staff and link day-to-day and long term activities of staff to the Annual Business Plan and when applicable the Public Health Plan.	Performance development system reviews as required.
1.1.3 Provide continuing professional development opportunities through ongoing education and training which is relevant to roles within EHA.	Training and education opportunities provided to staff.
1.1.4 Continue to foster team cohesiveness and support effective teamwork.	Training and team building activity provided to staff.
1.1.5 Encourage staff to be members of their relevant professional organisation. Support participation and EHA representation at professional Special Interest Groups.	Encourage membership and active participation.
1.1.6 Maintain a multi-disciplinary approach to the distribution of tasks within teams work review process to promote experience in a range of activities and increase expertise in specialist areas.	Annual work review conducted.
1.1.7 Provide systems for a safe working environment with appropriate Work Health and Safety (WHS) practices in place.	WHS to be discussed at all general staff meetings. Provide appropriate training and equipment to new staff.

Actions (continued)	Performance Measures
1.1.8 Review the Work Health Safety action plan outlining program of improvements required in EHA's WHS 3 Year Plan.	Action plan reviewed with input from staff.
1.1.9 Revise induction program to ensure EHA staff are and familiar with EHA's methods of operation upon commencement of employment.	Induction program revised.

2.0 - Health Education and Promotion

Background

Health education and promotion is a vital component in creating healthier living environments and communities. Traditionally local government health education and promotion activities have centred on regulatory function and infectious disease control.

The *South Australian Public Health Act 2011* (the Act) is part of a range of public health legislation designed to protect and promote the health of South Australians.

The objective of Act is to 'promote and provide for the protection of the health of the public of South Australia and to reduce the incidence of illness, injury and disability'.

The Act requires local authorities to prepare Regional Public Health Plans, having regard to local priorities and the economic, social and environmental conditions (the 'social determinants of health') in the region.

As the first Public Health and Wellbeing Plan for EHA and Constituent Councils, 'Better Living Better Health' provides a starting point for documenting the regional state of health and strategic directions for improving community wellbeing. The Plan does not address all public health issues, rather it is a 'place to start' having regard to local priorities and the State Public Health Plan. EHA and its Constituent Councils are committed to continually reviewing the strategic directions of the Plan within each five year planning cycle.

Objective 2 An innovative approach to public and environmental health through community education and interaction to increase awareness and understanding

Actions	Performance Measures
2.1 Develop and maintain a comprehensive range of health education and promotion material targeting local health issues incorporating the resources of other health related agencies.	Information resources maintained.
2.2 In conjunction with health stakeholders support the promotion and delivery of a range of public health information to raise community health awareness and address priority health conditions.	One target issue to be addressed per annum.
2.3 Provide targeted educational material in relation to recommended practices, standards and legislative requirements relevant to those responsible for public health related premises (premises with public swimming pools and spas, cooling tower systems and warm water systems, hairdressers and beauty premises, skin penetration premises (tattoo, body piercing, acupuncture).	Information distributed. Improvement in compliance noted during assessment.
2.4 Promote EHA services and educate the community on matters of public health in conjunction with Constituent Councils.	Provide information updates and articles to Constituent Councils as required.
2.5 Liaise with Constituent Councils to explore the possibilities of co-ordinating and or contributing to public health forums, to raise awareness of current public health matters.	Discuss the possibilities of public health forums with Constituent Councils.
2.6 Promote the benefits of immunisation through a variety of mediums such as council customer service centres and council publications, information kits, council and EHA websites.	Number of articles published and amount of information accessed.
2.7 Provide targeted educational material to food proprietors, food handlers and the community on food safety matters.	Educational material provided as required.
2.8 Design and implement a new food safety training program.	Design and introduce a new food safety training program.
2.9 Participate in Food Safety week and other proactive educational initiatives that raise awareness of food safety amongst the community and improve food handler's understanding of food hygiene.	Number of proactive educational activities conducted each year (at least one per year).
2.10 Educate proprietors of SRFs in relation to relevant Guidelines and Standards to ensure that adequate standards of assisted care, living standards, safety, hygiene and nutrition are maintained.	Information provided during visits to facility or as needed.

Actions (continued)		Performance Measures
2.11	Review and update EHA's health promotion and information material to ensure information is relevant, accurate and includes the new EHA logo.	Review and update as required.
2.12	Monitor funding opportunities for pro-active health education and prevention programs.	Report opportunities to Board of Management.
2.13	Continue to actively promote EHA's functions to the public, key stakeholders and the Constituent Council staff.	Number of promotional initiatives explored.
2.14	Investigate improvements to EHA's website to facilitate the exchange of information using electronic media.	Improved website functionality.
2.15	Explore public feedback options on environmental health services provided by EHA.	Document feedback options.

3.0 – Public and Environmental Health

Background

'Environmental health addresses all the physical, chemical and biological factors external to a person, and all the related factors impacting behaviours. It encompasses the assessment and control of those environmental factors that can potentially affect health. It is targeted towards preventing disease and creating health-supportive environments'.

World Health Organisation (WHO), 2012

The *South Australian Public Health Act 2011* (the Act) and Regulations are mechanisms employed by EHA to fulfil its duty of care on behalf of the Constituent Councils with the following public health issues;

- prevention and management of domestic squalor and hoarding
- surveillance of swimming pool, spa pool, cooling tower and warm water system operations
- assessment of hairdressing salons, beauty salons, acupuncture clinics and tattoo parlours
- approval and inspection of waste control systems
- discharge of waste to the environment
- prevention and control of notifiable diseases

The Act contains a general duty on all persons in the community who undertake activities to ensure that they take reasonable steps to 'prevent or minimise any harm to public health' that they have or might cause as a result of their actions or their failure to act: section 56(1) of the Act provides that:

'A person must take all reasonable steps to prevent or minimise any harm to public health caused by, or likely to be caused by, anything done or omitted to be done by the person'.

The Act establishes principles or values that guide everyone involved in administering the Act or making decisions under it, which includes orders, the exercise of other powers or general planning or policy decisions.

These principles are as follows:

- precautionary principle
- proportionate regulation principle
- sustainability principle
- principle of prevention
- population focus principle
- participation principle
- partnership principle
- equity principle

Environmental protection originated from the traditional approach of public health when the *Commonwealth Environment Protection (Impact of Proposals) Act* was introduced in 1974. Since its introduction, the definition of environment has developed from merely being ‘all aspects of the surroundings of human beings, whether affecting human being as individuals or in social groupings’ to ‘land, air, water, organisms and ecosystems, and includes the amenity value of an area.’

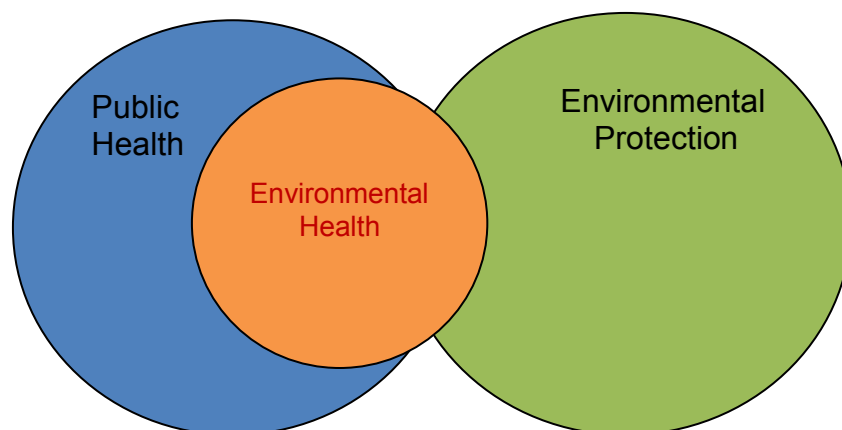


Figure 1.1 – the relationship between public health, environmental health and environmental protection

The point at which Public Health and Environmental Protection overlap is Environmental Health.

Where harm or potential harm to others cannot be shown, other statutes may offer alternative and more appropriate ways of proceeding. For example issues relating to unsightly conditions, nuisances and hazards to health or safety associated with the keeping of animals are better dealt with section 254 of the *Local Government Act 1999*.

The Environment Protection Act and Policies provide the framework to resolve issues that have a detrimental effect on our environment and subsequently our health. As the definitions of public health and environment protection overlap, it should only be expected that the legislation protecting these two areas also overlap.

Environmental health often requires a multidisciplinary approach. In the course of investigating complex issues, Environmental Health Officers work together and co-operate with other local government professionals and State government departments.

Objective 3 **Promote healthy communities by managing the risk from communicable and infectious disease and environmental impacts**

Actions	Performance Measures
3.1 Compile and maintain a register of all public health related premises. Public Health related premises are: <ol style="list-style-type: none"> 1. premises with public swimming pools and spas 2. premises with cooling tower systems and warm water systems 3. hairdressers and beauty premises 4. skin penetration premises (tattoo, body piercing, acupuncture) 5. waste control systems 	Register maintained at all times.
3.2 Using the SA Health assessment forms determine appropriate standards of public swimming pools and spas are maintained in accordance with the <i>South Australian Public Health (General) Regulations 2013</i> .	Assessments performed bi-annually.
3.3 Using the SA Health assessment forms determine appropriate standards of cooling towers and warm water systems for the management of <i>Legionella</i> in accordance with <i>South Australian Public Health (Legionella) Regulations 2013</i> .	Assessments performed annually.
3.4 Collect water samples from cooling towers and warm water systems for analysis based on requirements <i>South Australian Public Health (Legionella) Regulations 2013</i> .	Water samples collected and sent for analysis annually.
3.5 Investigate notifiable <i>Legionella</i> incidences and high <i>Legionella</i> counts in a systematic manner in accordance with SA Health and internal procedures.	Prompt investigation commenced in accordance with service standards.

Actions (continued)	Performance Measures
3.6 Respond to complaints to ensure appropriate infection control standards at hairdressing salons are maintained in accordance with SA Health Guidelines using Environmental Health Australia assessment form.	Investigate and respond to complaints.
3.7 Respond to complaints to ensure appropriate infection control standards at beauty and skin penetration premises are maintained in accordance with SA Health Guidelines using Environmental Health Australia assessment form.	Investigate and respond to complaints.
3.8 Using the SA Health assessment forms determine appropriate standards at beauty premises are maintained in accordance with in accordance with the SA Health Guidelines.	Assessments performed biennially.
3.9 Identify new personal appearance practices (ie. laser hair removal, tattoo removal and permanent make-up) within beauty premises. Liaise closely with SA Health to determine if these practices are required to be assessed in accordance with the SA Health Guidelines. Where required update the register and undertake assessments.	Identify new businesses, update registers and assess biennially.
3.10 Using the SA Health assessment forms determine appropriate standards at skin penetration premises (tattoo, body piercing, acupuncture) are maintained in accordance with SA Health Guidelines.	Assessments performed annually.
3.11 Assess applications for the installation of waste control systems in accordance with internal procedures, legislative requirements and service standards.	Application managed in accordance with service standards. Compliance with legislative requirements.
3.12 Respond to complaints or concerns about standards of sanitation and hygiene of boarding and lodging houses.	Response/investigation commenced in accordance with customer service standards.
<p>3.13 Respond to public health enquiries/complaints within the built environment that give rise to a risk to health in relation to:</p> <ul style="list-style-type: none"> - hoarding and squalor - sanitation - animal keeping - vector control - air quality - hazardous and infectious substances - waste control - notifiable diseases - refuse storage <p>Enquiries/complaints are investigated in accordance with the customer service standards. Seek to accomplish a long term solution. Co-ordinate a multi-agency response where necessary.</p>	Response/investigation commenced in accordance with customer service standards.

Actions (continued)	Performance Measures
3.14 Respond to enquiries/complaints in relation to clandestine drug laboratories and environmental incidents that have the potential to have a risk to public health.	Response/investigation commenced in accordance with customer service standards.
3.15 Distribute advisory information via mail to households informing them of localised vermin and pest problems and how they can be minimised, e.g. rodents, mosquitoes, pigeons.	Response commenced in accordance with customer service standards.
3.16 Provide advice and information materials to residents about air quality concerns including the installation, operation and standards of solid fuel burning appliances.	Information disseminated to community. Improved management of burning appliances as required.
3.17 Provide rodent bait to residents upon request.	Rodent bait provision maintained.
3.18 Undertake relevant notifiable disease investigations including food poisoning outbreaks in collaboration with SA Health.	Number of investigations.
3.19 Assist members of the community who have a managed health condition (e.g. Diabetes) by offering approved sharps containers at cost price and free disposal of full and approved sharps containers delivered to EHA.	Community sharps disposal service maintained.
3.20 Collect syringes that have been unsafely discarded on private property.	Safe and timely collection of discarded syringes within customer service standards and following internal procedures.
3.21 Ensure Health Manager (electronic database) is updated with assessments and investigations to ensure effective reporting to the Board of Management, Constituent Councils and SA Health.	Update within 5 days of assessment or action.
3.22 Co-ordinate the Eastern Hoarding and Squalor Committee meetings with Adelaide Hills Council to allow key stakeholders and councils within the eastern region to liaise to sensitively and compassionately address residents living in squalor or hoarding conditions attributable to social isolation, ageing community and mental health conditions.	Committee to meet every 3 months.
3.23 EHA to actively participate in the State Severe Domestic Squalor and Interagency Group to further develop strategies and tools to address squalor and hoarding issues consistently across the state.	Attend and actively participate in meetings held every 3 months.

Actions (continued)	Performance Measures
3.25 Participate with Environmental Health Australia and state and local government authorities to review best practice standards and promote uniformity and professional consistency.	Attend and actively participate.
3.26 Participate in the Environmental Health Australia 'Public Health' and 'Waste Control' Special Interest Groups (SIG) to promote uniformity and professional consistency and to discuss the latest information in relation to public health and waste control issues affecting local government.	Attend and actively participate at SIG meetings.
3.27 Ensure activities and outcomes are communicated to the Board of Management, councils and state government bodies as required via: Reports to the Board of Management, Delegates Reports and Annual Report.	Board Reports and Annual Reports compiled and distributed.
3.28 Respond to development application referrals from councils about public health related premises and activities.	Timely response provided to all referrals.
3.29 Liaise with councils to address issues of environment and sustainability where there is a connection to human health.	Comment and input made where applicable.
3.30 Ensure providers who supply water to the public under the <i>Safe Drinking Water Act 2012</i> , meet the requirements set out by the act and <i>Safe Drinking Water Regulations 2012</i> .	Continue to monitor potential water providers to ensure compliance with the Act and associated regulations.

4.0 - Immunisation

Background

Immunisation is one of the most effective and cost efficient public health measures to prevent the spread of communicable diseases. The National Immunisation Program (NIP) is a recognised program that has achieved a national average of over 90% coverage for most childhood vaccines. Immunisation is estimated to avert between 2 and 3 million deaths each year and aims to prevent disease and severe outcomes by maximising coverage rates and offering protection to everyone in our community.

Local Government plays a significant role in the delivery of immunisation in South Australia. It shares responsibility with other levels of government and providers to improve immunisation uptake and coverage. EHA offers all vaccines on the National Schedule at its public clinics as well as Annual Influenza Vaccines. Each year additional appointment clinics dedicated for influenza vaccination are provided promoting greater coverage against seasonal influenza disease. The Department of Health has updated the 'Annual Seasonal Funded Influenza Program' for medically 'At Risk' adults and children. Under this program the influenza vaccine is available at no cost for all Australians aged 6 months of age and over with medical conditions that can lead to severe influenza.

The National Schedule includes vaccines to adolescents through the School Based Immunisation Program (SBIP). From 2015 the SBIP will be for all Year 8 students only, a significant change from previous years. Year 8 students will be vaccinated with HPV (Human Papillomavirus), Varicella (chicken pox) and dTpa (diphtheria, tetanus, whooping cough). Due to the change in the schedule EHA will undertake a reduced amount of visits to 21 high schools offering vaccinations to around 2,331 Year 8 students.

Around 200 community immunisation clinics are provided each year at 7 different locations at a variety of accessible times. Currently EHA offers catch-up vaccination history assessments to new residents to Australia which often results in these clients attending EHA's public immunisation clinics for the vaccines recommended as per the Australian Immunisation Schedule.

The agreement to provide immunisation services to The City of Unley expires at the end of 2015. If The City of Unley continues to require external providers in 2016 and beyond EHA will make the required submissions to continue providing this service.

Worksite programs are conducted on a fee for service basis. 4138 vaccinations were provided to clients in 2014. EHA is working to increase vaccinations provided by updating of marketing materials and active follow up of previous clients.

Objective 4 The provision of a comprehensive, accessible and efficient immunisation service valued by the community

Actions	Performance Measures
<p>4.1 Delivery of a public clinic immunisation program in accordance with;</p> <ul style="list-style-type: none"> • the current National Health and Medical Research Council (NHMRC) "Australian Immunisation Handbook" • EHA's Standing Drug Orders • the Department of Health and Ageing "Guidelines on Maintaining the Cold Chain" • the <i>Controlled Substances Act 1984</i> and the <i>Controlled Substances (Poisons) Regulations 2011</i> • the Vaccine Administration Code June 2012 • EHA's Work Health and Safety protocols (particularly in relation to the use of sharps) • South Australia's Child Protection Legislation – Child Safe Environment Guidelines. 	<p>Client feedback and attendance. Number of clinics and vaccinations provided. Standing Drug Orders reviewed biannually or as required. Annual Cold Chain audit and pharmaceutical refrigerator maintenance. Clinical performance and evaluation. Liaison with EHA's Consultant Medical Officer of Health.</p>
<p>4.2 Promote EHA's public immunisation clinic program through a variety of mediums such as council customer service centres and publications, information kits, council and EHA websites. Mail out of the Immunisation Clinic Program to community organisations.</p>	<p>Number of articles published and amount of information accessed. Increased number of clinic timetables required and distributed. Website - reports of access.</p>
<p>4.3 Conduct an annual review of EHA's public clinic venues and timetable. Implement necessary changes, including identified hazards. Produce and publish annual immunisation program timetable to reflect the review of the public clinics.</p>	<p>Annual review undertaken at each venue and documented. Identified hazards actioned. Immunisation Program reviewed and published every November.</p>
<p>4.4 Deliver SBIP to students at schools within in EHA's area in accordance with the SA Health Service Agreement contract with local government.</p>	<p>All students offered vaccinations. Absent consenting students offered vaccination at EHA's public clinics. Coverage rates and statistics to SA Health.</p>

Actions (continued)	Performance Measures
<p>4.5 Liaise with school coordinators and Immunisation Section of SA Health regarding SBIP implementation and evaluation of program.</p>	<p>Successful SBIP implementation. Ongoing collaboration and evaluation of coverage. Representation on the SBIP Working Party for review of Protocols for the program.</p>
<p>4.6 Recommend vaccinations for community members at risk of occupationally acquired vaccine preventable diseases. Opportunistic promotion of WHS vaccination at public clinics and worksite programs.</p> <p>Website and Mail out promotion.</p>	<p>Enquiries for occupational based vaccinations. Response from mail out – number of new clients Increased WHS programs at 'At Risk' worksites.</p>
<p>4.7 Provide a specialist Worksite Immunisation Program both within and external to the Constituent Council boundaries on a fee for service basis within the private sector (i.e. flu, Heb B, dTpa).</p> <p>Review program annually – update documents. Aim to provide a professional service and stay competitive.</p>	<p>Feedback from clients. Increase of new clients and regular annual clients Income generated. Clinical governance maintained. Customer Service Policy recommendations reviewed.</p>
<p>4.8 Maintain client immunisation records on EHA's Immunisation database (ImPS program).</p>	<p>Database updated within 3 days of each clinic/school/worksite sessions.</p>
<p>4.9 Report immunisation statistics to SA Health and the Australian Childhood immunisation Register (ACIR), in accordance with contractual arrangements. SBIP statistics completed on SA Health Summary Sheets one month after the last school visit for each vaccine dose completed. Report HPV immunisation statistics to HPV Register monthly.</p>	<p>Statistics reported to ACIR within 5 days of clinics. HPV statistics reported monthly to HPV Register. SBIP Summary Sheet Statistics provided to SA Health in line with the contract arrangements.</p>
<p>4.10 The CEO/Team Leader Immunisation lobby through LGA for appropriate funding for sustainability of local government delivery of immunisation services. Development of the Immunisation Service Provision MOU for Local Government within the new <i>SA Public Health Act 2011</i> by the State Government</p>	<p>Meet with LGA/IPN (SA) group to discuss funding and support from governments. Attend meetings in regard to the SA Public Immunisation Services between SA Health and LGA SA. MOU endorsed.</p>

Actions (continued)	Performance Measures
<p>4.11 <u>Clinical Governance</u> Registered immunisation Nurses will participate in:</p> <ul style="list-style-type: none"> • the Immunisation Providers Network (SA) (IPN SA). • promoting best practice standards, uniformity and professional consistency. • a recognised SA Health authorised immunisation course. • maintain authorised immunisation provider status by completing 3 yearly recognised updates. • other professional updates – rotate participation of biannual PHAA Immunisation conference. • in-house education sessions and team meetings. • annual CPR and Mandated Notification updates. • complete 20 hours of valid documented Continuing Professional Development annually. • random audits by APHRA of RN's completed CPD hours. 	<p>Immunisation Nurses attend the IPN SA meetings. Attend in-house education sessions and mandatory updates. Attend other professional updates. Complete and document annual CPD requirements. Immunisation Nurse Assessments of all RN staff.</p>
<p>4.12 Ensure activities and outcomes are communicated to the Board of Management, councils and state government bodies as required. Statistical and written reports to the Board of Management as per meetings. Annual Reports as required by the Board of Management and the <i>South Australian Public Health Act 2011</i>.</p>	<p>Statistical reports, Board Reports and Annual Reports compiled and distributed as required.</p>

5.0 - Food Safety

Background

As consumers, we all have the right to expect that the food we eat is protected from microbiological contamination, foreign matter, poor hygiene and handling practices. While Australia has one of the safest food supplies in the world, the incidence of foodborne illness is on the increase. Illness caused by food is a significant public health problem and has major social and economic impacts.

A 2005 report, '*Foodborne Illness in Australia*' annual incidence circa 2000 provided the most comprehensive assessment of Australia's annual incidence of foodborne illness to date. That report showed that contaminated food caused:

- approximately 5.4 million cases of gastroenteritis per year
- 6,000 non-gastrointestinal illnesses
- 42,000 episodes of long-term effects (chronic sequelae)
- 1.2 million visits to medical practitioners
- 300,000 prescriptions for antibiotics and
- 2.1 million days of work lost each year

The *Food Act 2001* in conjunction with the Food Safety Standards (Chapter 3 of the Australia New Zealand Food Standards Code) aims to:

- ensure food for sale is both safe and suitable for human consumption
- prevent misleading conduct in connection with the sale of food
- provide for the application of the Food Standards Code

EHA is an enforcement agency under the *Food Act 2001* and is responsible for ensuring that appropriate food hygiene standards are maintained within its area.

Objective 5 **Minimise food borne illness by ensuring that safe and suitable food is available to the community**

Actions	Performance Measures
5.1 Food businesses are assigned a 'Risk Rating' in accordance with the SA Health Food Business Risk Classification system. Frequency of routine assessments is adjusted based on their performance and within the range of the risk classification.	Apply relevant risk rating to new businesses and undertake assessments in accordance with SA Health Food Business Risk Classification system.
5.2 Routine food business assessments conducted using the Australian Food Safety Assessment (AFSA) in accordance with the <i>Food Act 2001 and Food Safety Standards</i> .	Assessments performed in accordance with the assigned risk rating and frequency.
5.3 Conduct assessments using the SA Health 'Heightened Inspections forms' for food processing activities that fall under the Primary Production Standards.	SA Health 'Heightened Inspections forms' used when food processing activities fall under the Primary Production Standards.
5.4 Monitor and identify new food processing practices during routine assessments. Update the risk rating to reflect the changes.	Update risk ratings where required.
5.5 Ensure appropriate enforcement action is taken in relation to breaches of the <i>Food Act 2001</i> and associated standards in accordance with EHA's enforcement policy.	Number of enforcement actions taken.
5.6 Investigate food related complaints in a systematic and timely manner in relation to: <ul style="list-style-type: none"> - alleged food poisoning - microbiological and chemical contamination - foreign matter found in food - poor personal hygiene and handling practices - unclean premises - vermin, insects and pest activity - refuse storage <p>Liaise with SA Health and other councils to ensure a co-ordinated approach where necessary.</p>	Respond to complaints in accordance with customer service standards.
5.7 Respond to food recalls in accordance with SA Health recommendations.	Number of recalls actioned.
5.8 Ensure that all businesses servicing vulnerable populations (within the boundaries of the Constituent Councils) have their food safety plan audited in accordance with Food Safety Standard 3.3.1 and the <i>Food Act 2001</i> .	Number of audits conducted.

Actions (continued)		Performance Measures
5.9	Provide a professional auditing service to businesses external to Constituent Council boundaries which require their food safety plans to be audited.	Number of audits conducted.
5.10	Ensure businesses provide notification of their business details. Maintain a register of all food businesses operating within EHA's jurisdiction.	Update within 5 days of receipt of new information.
5.11	Ensure Health Manager is updated with assessment status and actions taken to ensure effective reporting to the Board of Management, Constituent Councils and SA Health.	Update within 5 days of assessment or action.
5.12	Provide information to the Board of Management in relation to food safety reforms, such as the Parliamentary Enquiry into Food Safety Schemes, and provide written responses on behalf of EHA and Constituent Councils to State Government.	Information reports provided to Board and distributed to Constituent Councils.
5.13	Proactively monitor development of new food businesses and refurbishment of existing food businesses. Provide advice in relation to the construction and fit out of premises where requested. Respond to development application referrals from council.	Timely response.
5.14	Provide new food businesses with an information kit that introduces EHA and informs the business about the inspection fee policy and food safety essentials.	Information kit provided following receipt of notification form.
5.15	Conduct food safety assessments of fairs and festivals, temporary events and school fetes in collaboration with the Constituent Councils and relevant event co-ordinators.	Undertake assessments where required.
5.16	Participate in the Environmental Health Australia "Food Safety" Special Interest Group (SIG) to promote uniformity and professional consistency and to discuss the latest information in relation to food safety issues affecting local government.	Attend and actively participate at SIG meetings.
5.17	Actively communicate updates from SA Health and FZSANZ to food premises.	Provide updated information to food businesses as required.

6.0 - Health Care and Community Services

Background

Supported Residential Facilities (SRF's) provide accommodation to people in the community who require personal care and support.

SRF's are regulated under the *Supported Residential Facilities Act 1992* (the Act) to ensure adequate standards of care and amenity to protect the rights of residents.

A low level of care is provided to residents such as assistance with medication management, personal care, and financial management, as well as supplying meals and accommodation.

Personal care services are defined under the Act as bathing, showering or personal hygiene, toileting or continence maintenance, dressing or undressing, consuming food, medication management, management of personal finances and direct physical assistance to aid mobility issues.

Residents living in SRFs are vulnerable due to the disability or impairment that is often associated with these clients, including physical, intellectual or psychiatric.

The Minister for Communities and Social Inclusion is responsible for promoting the objectives of the Act, and local councils administer and enforce the Act. EHA is the licensing authority for all SRFs within the Constituent Councils, and continues to act as the licensing authority for SRFs within The City of Unley, under delegated authority.

Objective 6 Promote a safe and home-like environment for residents by ensuring quality of care in supported residential facilities

Actions	Performance Measures
6.1 Assess applications for new licences, licence renewals and transfer of licence with regard to Supported Residential Facility legislation and guidelines within legislative timeframes.	Applications processed within legislative timeframes.
6.2 Assess applications for manager and acting manager with regard to Supported Residential Facility legislation and guidelines.	Applications processed within legislative timeframes.
6.3 Conduct relicensing audits of facilities against Supported Residential Facility legislation and guidelines. Take advice of the appropriate Fire Safety requirements from the Constituent Councils Building Fire and Safety Officers.	Bi-annual un-announced audits conducted at all facilities. Fire safety advice obtained annually.
6.4 Conduct ongoing inspections to ensure compliance with the legislation including conformity with licence conditions.	Unannounced inspections conducted at SRFs.
6.5 Respond to enquiries/complaints in relation to SRFs	Responses occur in line with customer service standard.
6.6 Liaise with service providers to ensure residents receive appropriate levels of care.	Liaise where required.
6.7 Participate in the Environmental Health Australia "SRF" Special Interest Group to promote uniformity and professional consistency and to discuss the latest information in relation to SRF issues affecting local government.	Attendance of EHA Officers at SIG meetings.
6.8 Liaise with Department for Families and Communities and Constituent Councils on the potential for SRF closures in the area, strategic management options and appropriate alternative accommodation options.	Issues investigated and reported to Board of Management and relevant council as necessary.
6.9 Lobby State Government to ensure legislation applicable to SRFs is appropriate and that local government receives appropriate support for its licensing role.	Initiate discussion with LGA regarding these issues.
6.10 Provide information to the Board of Management in relation to reform of Supported Residential Facilities and provide written responses on behalf of the EHA and Constituent Councils to State Government.	Information reports provided to Board of Management and distributed to Constituent Councils.
6.11 Act as Licensing EHA pursuant to the <i>Supported Residential Facilities Act 1992</i> for The City of Unley on a fee for service basis.	Feedback from City of Unley. Contract maintained.
6.12 Provide written reports and attend meetings with The City of Unley in accordance with SRF licensing contract requirements.	Reports provided twice per year (as per agreement) and as required.

Actions (continued)	Performance Measures
6.13 Ensure activities and outcomes are communicated to the Board of Management, councils and state government bodies as required via: Reports to the Board of Management, Delegates Reports and Annual Report.	Board Reports and Annual Reports compiled and distributed.

7.0 - Emergency Management

Background

The Queensland floods, the tsunami in Japan and earthquake in Christchurch during 2011 have vividly exposed us to the devastating consequences of disaster events.

In any emergency situation, the ability to respond effectively is vital and the effectiveness of the response will be determined by appropriate preparation and planning. Environmental Health professionals play a critical role in the response and recovery phases of emergency situations.

An emergency management plan has been developed to define and address the unique issues that confront environmental health professionals in an emergency situation and prepare them for the enhanced role that they will have. It ensures appropriate linkages are in place with emergency service agencies and the councils EHA serves should an emergency situation occur and is designed to integrate with the Eastern Region Disaster Management Plan.

A risk analysis of hazards that may affect the region was completed during 2007 by the Eastern Regional Emergency Risk Management project. EHA's Emergency Management Plan identifies five hazards that are likely to have significant environmental health implications: Pandemic Disease, Disease (arising within the EHA's area), Flooding (1 in 100 year event), Earthquake and Bushfire.

An emergency may impact upon EHA itself, potentially disrupting operations and affecting critical assets. This will pose a unique challenge when environmental health service delivery is likely to alter in response to the circumstances of the situation. A Business Continuity Plan identifies a range of actions required to ensure critical functions are restored within the timeframes specified.

Objective 7 **Minimise the public health consequences of emergencies through a planned and prepared response**

Actions	Performance Measures
7.1 Liaise with the Constituent Councils and Eastern Adelaide Zone Emergency Management Committee to ensure integration of emergency management arrangements.	Attend and participate in committee meetings.
7.2 Conduct exercises with staff to test the Emergency Management Plan and Business Continuity Plan. Participate in any relevant exercises conducted within the region by other organisations.	Conduct or participate in one exercise a year.
7.3 Review and update emergency management information on the website.	Review and update as required.
7.4 Review and update the Emergency Management Plan and note any alternations on the amendments register. Review the status of actions arising from the Emergency Management Plan and Business Continuity Plan.	Review the plan and update where required.
7.5 Participate with Environmental Health Australia and state and local government authorities to review best practice standards and promote uniformity and professional consistency.	Staff to participate in the Disease Control and Emergency Management Special Interest Group and other relevant committees.
7.6 Ensure activities and outcomes are communicated to the Board of Management, councils and state government bodies as required via: Monthly statistical reports; Reports to the Board of Management and Annual Report under the <i>South Australian Public Health Act 2011</i> .	Statistical reports, Board Reports and Annual Reports compiled and distributed.
7.7 Emergency Management Plan strategies to be reflected in the Public Health Plan and Risk and Opportunity Management Policy and Framework to ensure consistency over the three strategic plans.	Emergency Management Plan incorporated in the Risk and Opportunity Management Policy and Framework. The Emergency Management Plan to be recognised during the public health planning process.

EASTERN HEALTH AUTHORITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 JUNE 2016		
REVISED BUDGET 14/15		DRAFT BUDGET 15/16
\$	INCOME	\$
1,592,105	Council Contributions	1,609,306
192,700	Statutory Charges	194,000
331,500	User Charges	307,000
125,500	Grants, subsidies and contributions	126,500
25,000	Investment Income	20,000
18,500	Other Income	14,000
2,285,305	TOTAL INCOME	2,270,806
	EXPENSES	
1,581,000	Employee Costs	1,616,000
585,700	Materials, contracts and other expenses	576,200
25,237	Finance Charges	22,672
80,851	Depreciation	80,851
2,272,788	TOTAL EXPENSES	2,295,723
12,517	Operating Surplus/(Deficit)	(24,917)
-	Net gain (loss) on disposal of assets	-
12,517	Net Surplus/(Deficit)	(24,917)

EASTERN HEALTH AUTHORITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2016		
REVISED BUDGET 14/15		DRAFT BUDGET 15/16
\$	CASHFLOWS FROM OPERATING ACTIVITIES	\$
	<u>Receipts</u>	
2,260,305	Operating Receipts	2,250,806
25,000	Investment Receipts	20,000
	<u>Payments</u>	
(2,166,700)	Operating Payments to Suppliers & Employees	(2,192,200)
(25,237)	Interest Expense	(22,672)
93,368	Net Cash Provided/(Used) by Operating Activities	55,934
	CASH FLOWS FROM FINANCING ACTIVITIES	
-	Loans Received	-
(53,368)	Loan Repayments	(55,934)
(53,368)	Net Cash Provided/(Used) by Financing Activities	(55,934)
	CASH FLOWS FROM INVESTING ACTIVITIES	
	<u>Receipts</u>	
-	Sale of Replaced Assets	-
	<u>Payments</u>	
-	Expenditure on renewal / replacements of assets	-
-	Expenditure on new / upgraded assets	-
-	Distributions paid to constituent Councils	(200,000)
-	Net Cash Provided/(Used) by Investing Activities	(200,000)
40,000	NET INCREASE (DECREASE) IN CASH HELD	(200,000)
719,815	CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD	759,815
759,815	CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	559,815

EASTERN HEALTH AUTHORITY STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDING 30 JUNE 2016		
REVISED BUDGET 14/15		DRAFT BUDGET 15/16
\$	CURRENT ASSETS	\$
759,815	Cash and Cash Equivalents	559,815
178,512	Trade & Other Receivables	178,512
-	Other	-
938,327	TOTAL CURRENT ASSETS	738,327
	CURRENT LIABILITIES	
181,322	Trade & Other Payables	181,322
251,094	Provisions	251,094
50,920	Borrowings	50,920
-	Other	-
483,336	TOTAL CURRENT LIABILITIES	483,336
454,991	NET CURRENT ASSETS/(CURRENT LIABILITIES)	254,991
	NON-CURRENT ASSETS	
443,949	Equipment	363,098
-	Other	-
443,949	TOTAL NON-CURRENT ASSETS	363,098
	NON-CURRENT LIABILITIES	
43,218	Provisions	43,218
440,213	Borrowings	384,279
483,431	TOTAL NON-CURRENT LIABILITIES	427,497
415,509	NET ASSETS	190,592
	EQUITY	
415,509	Accumulated Surplus/(Deficit)	190,592
415,509	TOTAL EQUITY	190,592

EASTERN HEALTH AUTHORITY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE 2016		
REVISED BUDGET 14/15		DRAFT BUDGET 15/16
	ACCUMULATED SURPLUS	
402,992	Balance at beginning of period	415,509
12,517	Net Surplus/(Deficit)	(24,917)
-	Distribution to Constituent Councils	(200,000)
415,509	Balance at end of period	190,592
415,509	TOTAL EQUITY	190,592

5.5 REVIEW OF EASTERN HEALTH AUTHORITY INTERNAL CONTROLS

Author: Michael Livori
Ref: AF11/271

Summary

At the 27 May 2015 meeting of the Audit Committee a report was considered in relation to correspondence regarding the external auditor's first audit attendance for the financial year ending 30 June 2015. In the correspondence EHA's external auditor recommended a review of Internal Controls.

Report

In accordance with the Audit Committee Terms of Reference the External Audit Management letter should be considered by the Audit Committee and any recommendations contained within the letter should be monitored by the committee to ensure that they are appropriately considered and managed.

In the correspondence from EHA's external auditor following their first audit attendance the following comment was made in relation to EHA's Internal Controls.

Given the increased focus and attention on the review of the Authority's Member Council internal financial controls as a result of the additional audit scope per Section 129 of the Local Government Act 1999, we recommend for good governance and best practice that the Authority consider undertaking a complete review and assessment of its own internal controls per the criteria set in the Better Practice Model – Internal Financial Controls.

We recommend that the Authority's Audit Committee oversee this body of work and that the results of the review be provided to each of the Member Councils Audit Committees for their consideration and information.

EHA engaged Ian McDonald from Creative Auditing to assist with the review. Creative Auditing have developed a generic procedures manual specifically designed for smaller organisations such as EHA. The generic procedures detailed in the manual clearly document the action to address a risk and identifies the responsible officer.

A copy of the completed procedures manual is provided as attachment 1 for consideration.

RECOMMENDATION

That:

The report regarding the review of EHA's internal controls as recommended in correspondence from EHA's external auditor following their first audit attendance is received.



Internal control manual and procedures

Contents

1	Introduction
	<u>Strategic Financial Planning</u>
2	Annual business plan and budget
3	Management reporting
4	Ledgers and journals
	<u>Assets</u>
5	Fixed assets
	<u>Revenue</u>
6	Debtors other than rates
7	Receipting
	<u>Expenses</u>
8	Payroll
9	Purchases and payments

Eastern Health Authority

Introduction

Eastern Health Authority (EHA) must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist EHA to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard EHA's assets, and to secure (as far as possible) the accuracy and reliability of EHA records.

1. Legislative requirements/Policy

The Local Government Act 1999 contains the following finance provisions:

Policy	Procedure	Audit
122 Strategic management plans	123 Annual business plans and budgets	126 Audit committee
125 Internal control policies	124 Accounting records to be kept	128 The auditor
133 Sources of funds	127 Financial statements	129 Conduct of audit
135 Ability of a Council to give security	134 Borrowing and related financial arrangements	130 CEO to assist auditor
138 Council not obliged to expend rate revenue in a particular financial year	136 State Government not liable for debts of a Council	187A Administrative audits by Ombudsman
139 Investment powers	137 Expenditure of funds	187B Investigation by Ombudsman
146 Rates and charges that a Council may impose	140 Review of investments	
148 Land against which rates may be assessed	141 Gifts to a Council	
150 General principles	142 Duty to insure against liability	
151 Basis of rating	143 Writing off bad debts	
152 General rates	144 Recovery of amounts due to Council	
155 Service rates and service charges	145 Payment of fees etc. to Council	
156 Basis of differential rates	149 Contiguous land	
166 Discretionary rebates of rates	153 Declaration of general rate (including differential general rates)	
182 Remission and postponement of payment	154 Separate rates	
188 Fees and charges	157 Notice of differentiating factors	
	158 Minimum rates and special adjustments for specified values	
	159 Preliminary	
	160 -165 Rebate of rates	
	167-169 Valuation of land	
	170 Notice of declaration of rates	
	172-174 Chief executive officer to keep assessment record	
	175 Duty of Registrar-General to supply information	
	176 Preliminary	
	177-187 Rates are charges against	

Eastern Health Authority

Introduction (cont.)

2. Procedures

Procedures need to be documented which incorporate sufficient internal controls to address the areas of highest risk.

Why do we need this procedure?

We need the procedures to reduce the likelihood and consequences of financial errors and fraud.

What is the procedure?

What is the process for the paperwork and the review of the result.

Who performs the procedure?

Who processes and reviews the paperwork.

3. Internal Audit

Reviews the procedures to determine whether they adequately address the areas of greater risk. Also performs checks to ensure the critical procedures are operating efficiently and effectively. An efficient internal control is one that is effective using the minimum resources. An effective internal control is one that reduces the likelihood and consequence of a financial system failure.

4. External Audit

Reviews the procedures and the internal audit work performed. Conducts additional testing to minimise the likelihood of material errors in the financial reports and fraud.

Last updated: Eastern Health Authority
07/08/2015

2.0 Annual business plan and budget

2.1 Objective That the annual business plan and budget reflects EHA's strategic objectives.

2.2	Risks:		Procedure:	Action	Name	Position Title	Commentary	
	1	Annual business plan and budget does not reflect strategic objectives.	a	The Chief Executive Officer ensures that there is a robust and rigorous process to establish the annual business plan and budget to ensure that they are consistent with the objectives of the Regional Public Health Plan.	Approved by:	Michael Livori	Chief Executive Officer	Attach the process and timeline as reported to the Board of Management on 11/02/2015. Copy of report attached.
	2	Unrealistic budgets.	a	The department managers are to base their budgets on realistic and achievable assumptions.	Generated by:	Michael Livori	Chief Executive Officer	Assumptions included in the EHA Annual Business Plan 2015-2016
			b	The department managers are to sign off on budgets.	Approved by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
			c	The department managers ensure that budgets are amended, compared to the previous year, to take into account significant changes in operations.	Reviewed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
			d	All amendments to budgets are approved per the Local Government Act	Approved by:	Michael Livori	Chief Executive Officer	Approved by Board of Management and Constituent Councils

Last updated:

Eastern Health Authority
07/08/2015**2.0 Annual business plan and budget****2.1 Objective**

That the annual business plan and budget reflects EHA's strategic objectives.

2.2	Risks:		Procedure:	Action	Name	Position Title	Commentary	
	3	Budgets are inaccurately reported.	a	Original and revised budgets reconciled to the data in the financial system for accuracy by appropriate level of managements; identified variances are investigated.	Reconciled by:	Michael Livori	Chief Executive Officer	
			b	The first, second, third quarterly and end of previous financial year's budget reviews are prepared, considered by the Board of Management and tabled in accordance with Schedule 2 of the Act.	Prepared by:	Michael Livori	Chief Executive Officer	
			c	Budget information is loaded at the activity level. Where practicable, the budget is timed over the twelve months.	Input by:	Michael Livori	Chief Executive Officer	
			d	Access to budget information is restricted to appropriately authorised personnel.	Checked by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
			e	Managers are trained to understand and are held accountable for their budgets.	Reviewed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	

Last updated:

Eastern Health Authority
07/08/2015**3.0 Management reporting****3.1 Objective**

EHA's financial operations are reviewed and responded to appropriately.

3.2	Risks:			Procedure:	Action	Name	Position Title	Commentary
1	EHA's financial operations are not reviewed and responded to appropriately.	a		Department managers are clearly informed of their duties and responsibilities in relation to reporting.	Informed by:	Michael Livori	Chief Executive Officer	
		b		Reviewing roles and responsibilities are designated in accordance with Delegations of Authority.	Approved by:	Michael Livori	Chief Executive Officer	
		c		A reporting timetable is developed to ensure the appropriate reports are produced, reviewed and tabled in accordance with Schedule 2 of the Act and the EHA Charter.	Developed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		d		The timetable is checked to ensure that management is reviewing the appropriate information on a regular and timely basis.	Checked by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	

Last updated:

Eastern Health Authority
07/08/2015**4.0 Ledgers and Journals****4.1 Objective**

The monitoring and maintenance of EHA's general ledger. Checking that all control accounts are reconciled and the ledger balances to nil every month. Preparing journal entries as required. Creating, re-naming and deleting accounts (masterfile amendments). Preparing general ledger reports.

4.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
1	General ledger does not contain accurate financial information as a result of inaccurate journals which are not detected in routine review processes.	a	Journal details and new account number information input accuracy is checked when a journal is authorised or a new account is created.	Checked by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		b	Journals are processed in the finance area. Access for transaction input or masterfile amendment is limited.	Processed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		c	Transaction processing is checked for accuracy.	Checked by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		d	Errors are corrected by a further journal or masterfile amendment.	Corrected by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		e	The audit trail is verified to source documentation.	Verified by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		f	All authorisation of journals is controlled by the user and role profiles within the system, which prevent unauthorised journals being created or posted by inappropriate personnel.	Approved by:	Michael Livori	Chief Executive Officer	

Last updated:

Eastern Health Authority
07/08/2015**4.0 Ledgers and Journals****4.1 Objective**

The monitoring and maintenance of EHA's general ledger. Checking that all control accounts are reconciled and the ledger balances to nil every month. Preparing journal entries as required. Creating, re-naming and deleting accounts (masterfile amendments). Preparing general ledger reports.

4.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
			g All journals are independently reviewed (including check to ensure correct account allocation).	Reviewed by:	Michael Livori	Chief Executive Officer	
			h Journals are marked as posted to ensure that no journals are overlooked or posted twice.	Marked by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
			i General ledger reconciliations (including control and clearing accounts) are prepared on a regular basis; all reconciliations are independently reviewed.	Reviewed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
			j Some supporting documentation is electronically stored, and in the case of uploaded journals the file used to upload the transactions contains additional information regarding reason and or/description.	Stored by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
	2	Data contained within the general ledger (and subsidiary records) is permanently lost.	a Formal disaster recovery plan adopted by Authority including the off-site backup of data, program and documentation.	Approved by:	Michael Livori	Chief Executive Officer	
			b All updates and changes to data tables are authorised, tested and documented.	Checked by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	

Last updated:

Eastern Health Authority
07/08/2015**4.0 Ledgers and Journals****4.1 Objective**

The monitoring and maintenance of EHA's general ledger. Checking that all control accounts are reconciled and the ledger balances to nil every month. Preparing journal entries as required. Creating, re-naming and deleting accounts (masterfile amendments). Preparing general ledger reports.

4.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
			c	Access to the computerised general ledger is controlled by the user and role profiles within the system.	Approved by: Natajsha Bevitt	Team Leader - Administration and Immunisation	
3	EHA's statutory reports and other statutory returns provide inaccurate financial information and do not comply with statutory reporting requirements.		a	Relevant personnel responsible for preparing statutory reports are provided regular training to keep abreast of changes to reporting requirements.	Prepared by:	Creative Auditing	Financial Consultant
			b	Financial reports prepared by suitably qualified staff.	Checked by:	Creative Auditing	Financial Consultant
			c	Regular liaison with external auditor.	Liaison by:	Natajsha Bevitt	Team Leader - Administration and Immunisation
			d	Actual results are compared to budget regularly; management reviews and investigates significant variances.	Compared by:	Michael Livori	Chief Executive Officer
			e	Appropriate working papers are prepared and reviewed to support the financial statement balances during the statement preparation process.	Reviewed by:	Creative Auditing	Financial Consultant

Last updated:

Eastern Health Authority
07/08/2015**5.0 Fixed Assets****5.1 Objective**

That an adequate record is kept of all EHA assets and the record is kept up to date.

5.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
1	Fixed asset acquisitions are fictitious, inaccurately recorded or not recorded at all.	a	The recording of an asset needs to be authorised.	Approved by:	Michael Livori	Chief Executive Officer	
		b	A check is made that all assets that should be recorded are recorded.	Checked by:	Creative Auditing	Financial Consultant	
		c	A check is made that payroll is appropriately costed to assets.	Checked by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		d	Fixed assets are recorded.	Recorded by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		e	Errors are fixed by a general or asset sub-system journal.	Processed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		f	Asset registers are updated and reconciled to the general ledger on a regular basis.	Reconciled by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	Last reconciled 30/06/2015
		g	Activity recorded in fixed asset register is reviewed by management and compared to the capital budget.	Reviewed by:	Creative Auditing	Financial Consultant	
		h	The identification and recording of the financial data associated with infrastructure assets is maintained and reviewed independently.	Reviewed by:	Creative Auditing	Financial Consultant	

Last updated:

Eastern Health Authority
07/08/2015**5.0 Fixed Assets****5.1 Objective**

That an adequate record is kept of all EHA assets and the record is kept up to date.

5.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
2	Fixed assets are not valued correctly.	a	Periodic revaluations are carried out (in the order of every 3 to 5 years) and carrying amounts are reviewed annually to ensure they remain fairly stated.	Requested by:	Michael Livori	Chief Executive Officer	
		b	Management reviews depreciation rates and methodology annually to ensure that methods used to depreciate fixed assets are still appropriate in accordance with the asset impairment and asset revaluation policies.	Reviewed by:	Creative Auditing	Financial Consultant	
3	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded.	a	Management reviews depreciation rates and methodology annually to ensure that methods used to depreciate fixed assets are still appropriate in accordance with the asset impairment and asset revaluation policies.	Reviewed by:	Creative Auditing	Financial Consultant	

Last updated:

Eastern Health Authority
07/08/2015**6.0 Debtors other than rates****6.1 Objective**

The raising, monitoring and collection of debtors other than rates.

6.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
1	Debtors invoices and credit notes are either inaccurately recorded or not recorded at all.	a	An invoice is requested to be raised.	Requested by:	Receipting Staff	Receipting Staff	Attach pro-forma request for invoice
		b	Debtors input is posted. Incorrect input can be amended.	Input by:	Receipting Staff	Receipting Staff	
		c	Invoices raised are reviewed for completeness and accuracy.	Reviewed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		d	Statements of non-rate accounts receivable are mailed to debtors	Prepared by:	Giovanna Carosi	Administration Officer	
		e	Errors discovered after an invoice is raised are corrected by processing a 'debtors journal'.	Processed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		f	A copy of the debtor's invoices is retained.	Retained by:	Receipting Staff	Receipting Staff	Electronically/hard copy
		g	Payments are received via the receipting system.	Received by:	Receipting Staff	Receipting Staff	Payment method is recorded in the accounting system including cheque numbers
		h	Debtors outstanding are reconciled to the general ledger control accounts on a monthly basis.	Reconciled by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		i	Audit trails and reconciliations are independently reviewed.	Reviewed by:	Creative Auditing	Financial Consultant	

Last updated:

Eastern Health Authority
07/08/2015**6.0 Debtors other than rates****6.1 Objective**

The raising, monitoring and collection of debtors other than rates.

6.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
		j	Debtors and revenue are compared to budget regularly and significant variances investigated.	Investigated by:	Michael Livori	Chief Executive Officer	
		k	Credit notes are processed independently of the debtors processing function.	Processed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
	2		An appropriate provision for doubtful debts is not recorded accurately.				
		a	Management reviews the provision for doubtful debts on a regular basis.	Reviewed by:	Michael Livori	Chief Executive Officer	
		b	Management reviews the debtors ageing profile on a regular basis and investigates any outstanding items.	Reviewed by:	Michael Livori	Chief Executive Officer	
		c	Debtors and revenue are to be compared by management to the budget regularly significant variances are investigated.	Reviewed by:	Michael Livori	Chief Executive Officer	
		d	Management is to approve all bad debt write-offs and movements in the provision for doubtful debts, in line with the the Debt Collection Policy.	Approved by:	Michael Livori	Chief Executive Officer	Debt Collection Policy attached.

Last updated:

Eastern Health Authority
07/08/2015

7.0 Receipting

7.1 Objective

Accountability of monies due toEHA.

7.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
1	Cash float is inadequately safeguarded	a	The cash float is stored in secured facilities.	Stored by:	Receipting Staff	Receipting Staff	
		b	Access (i.e. passwords or keys) to the cash float safes/registers is limited to appropriately designated staff.	Limited to:	Receipting Staff	Receipting Staff	
		c	A register for cash floats is maintained.	Maintained by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		d	The cash float is reconciled on a regular basis and these reconciliations are reviewed by an independent person.	Reconciled by:	Hayley Lambi	Administration Officer	
	Reviewed by:	Natajsha Bevitt		Team Leader - Administration and Immunisation	Attached is the Cash Float reconciliation as at 30/06/2015.		
2	Receipts are either inaccurately recorded or not recorded at all	a	Receipts are recorded. Service users/customers are provided with a copy of the receipt on request and total weekly receipts (per register) are balanced to receipts deposited at bank.	Performed by:	Receipting Staff	Receipting Staff	
		b	Bank statements are reconciled to the general ledger regularly.	Reconciled by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	Monthly
		c	Statements of customer accounts receivable are mailed to customers.	Mailed by:	Giovanna Carosi	Administration Officer	

Last updated:

Eastern Health Authority
07/08/2015

7.0 Receipting

7.1 Objective

Accountability of monies due toEHA.

7.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
	3	Receipts are not deposited at the bank on a timely basis.	a	Cash receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Deposited by:	Natajsha Bevitt	Team Leader - Administration and Immunisation
			b	Cash is physically transferred to the bank in a secure manner.	Transferred by:	Natajsha Bevitt	Team Leader - Administration and Immunisation
			c	Bank statements are reconciled to the general ledger on a monthly basis.	Reconciled by:	Natajsha Bevitt	Team Leader - Administration and Immunisation
	4	Offsite collection of monies is not handled correctly.	a	Receipts are provided for monies received where requested.	Provided by:	Receipting Staff	Receipting Staff
			b	Cash floats are reconciled on a regular basis and these reconciliations are signed by the Chief Executive Officer.	Reviewed by:	Receipting Staff	Receipting Staff

Last updated:

Eastern Health Authority
07/08/2015

8.0 Payroll

8.1 **Objective**

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:		Procedure:	Action	Name	Position Title	Commentary	
1	Employee provisions are either inaccurately recorded or not recorded at all.	a	i	Staff requests for leave require approval.	Approved by:	Michael Livori	Chief Executive Officer	Template of Leave Application Form attached.
			ii	Taken leave is recorded independent from the approval.	Recorded by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		b	The methodology used to calculate salary sacrifice calculations and employee provisions to ensure consistency with statutory reporting requirements is reviewed.	Reviewed by:	Creative Auditing	Financial Consultant		
		c	Employee provisions are reviewed on a regular basis.	Reviewed by:	Creative Auditing	Financial Consultant		
		d	Actual employee costs and employee provisions are compared to budget on a regular basis and significant variances investigated.	Performed by:	Michael Livori	Chief Executive Officer		
		e	Access to payroll/provision masterfiles is restricted to designated and qualified staff.	Accessible by:	Natajsha Bevitt	Team Leader - Administration and Immunisation		

Last updated:

Eastern Health Authority
07/08/2015

8.0 Payroll

8.1 **Objective**

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
	2 Payroll calculations are inaccurate	a	i Timesheets are checked.	Checked by:	Hayley Lambi	Administration Officer	
			ii Timesheets are authorised.	Authorised by:	Departmental Managers		
			iii Timesheet are checked for logic, additions and input codes are added.	Checked by:	Hayley Lambi	Administration Officer	
		b	Leave applications entitlements are checked.	Checked by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		c	Overtime applications are checked and authorised.	Authorised by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		d	i Masterfile changes are authorised.	Authorised by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
			ii Masterfile changes are independently checked for correct input.	Checked by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	

Last updated:

Eastern Health Authority
07/08/2015

8.0 Payroll

8.1 **Objective**

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
		e	i	Errors in a timesheet require the submission of an amended sheet.	Checked by:	Hayley Lambi	Administration Officer
			ii	Other input errors are corrected during pay preparation or in a subsequent pay	Input by:	Hayley Lambi	Administration Officer
		f		The update to the general ledger is performed once all pay preparation is complete for a pay period.	Checked by:	Hayley Lambi	Administration Officer
		g		Data input to an incorrect general ledger account number is corrected by a general journal.	Performed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation
		h		The payroll software produces various warnings to indicate likely errors.	Reviewed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation
		i		Actual payroll expense is compared to budget by management; significant variances are investigated and approved by management.	Compared by:	Michael Livori	Chief Executive Officer

Last updated:

Eastern Health Authority
07/08/2015

8.0 Payroll

8.1 **Objective**

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
3	Payroll disbursements are made to incorrect or fictitious employees.	a	EFT payroll disbursements involve two people in the approval and transfer process.	1st approval:	Nadia Conci	Team Leader - Environmental Health	Note: Natajsha Bevitt as alternative
				2nd approval:	Michael Livori	Chief Executive Officer	
		b	The EFT bank payment report is printed and retained.	Performed by:	Hayley Lambi	Administration Officer	
		c	Departmental managers perform a regular review of report detailing all employees listed on payroll masterfile; all unusual items are investigated.	Performed by:	Michael Livori	Chief Executive Officer	
d	Payroll system generates exception reports detailing payroll expense on individual employee basis where the payroll expense is greater than the budgeted amount by a fixed percentage or dollar amount; report regularly reviewed by management who investigate and approve variances.	Reviewed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation			

Last updated:

Eastern Health Authority
07/08/2015

8.0 Payroll

8.1 **Objective**

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:		Procedure:	Action	Name	Position Title	Commentary	
	4	Time and attendance data is either invalid, inaccurately recorded or not recorded at all.	a	Salary and hourly payroll reports (including compensation and withholding information) are reviewed and approved by management.	Performed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
			b	Time recording and attendance exceptions based on expectations established by management are identified, monitored and corrected.	Performed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
			c	Overtime hours worked and payments for such overtime are authorised by management for all employees who are paid for overtime.	Performed by:	Michael Livori	Chief Executive Officer	
			d	Time by employees is reconciled regularly between timesheets and payroll reports to ensure that all time entered manually into payroll system is accurate.	Reconciled by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	

Last updated:

Eastern Health Authority
07/08/2015

8.0 Payroll

8.1 **Objective**

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
5	Payroll masterfile does not remain pertinent	a	Payroll masterfile data is periodically reviewed for accuracy and pertinence.	Performed by:	Natajsha Bevitt	Team Leader - Administration	
		b	Departmental managers periodically review listings of current employees within their departments and notify the personnel department of necessary changes.	Performed by:	Departmental Managers		
		c	Payroll masterfile data is edited and validated. Identified errors are corrected.	Performed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		d	The ability to view, modify, or transfer information contained in the payroll masterfiles is restricted to authorised personnel.	Accessible by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		e	Variations between payroll masterfiles and time recording system are investigated and appropriate action taken.	Investigated by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		f	Significant changes (supported by adequate audit trail) to the payroll masterfiles approved by management	Approved by:	Michael Livori	Chief Executive Officer	

Last updated:

Eastern Health Authority
07/08/2015

8.0 Payroll

8.1 Objective

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
6	Voluntary and statutory payroll deductions are inaccurately processed.	a	The payroll deduction information is periodically reviewed for accuracy and ongoing pertinence.	Reviewed by:	Hayley Lambi	Administration Officer	
		b	Changes to the payroll deduction information are compared to authorised source documents to ensure that they were input accurately.	Performed by:	Hayley Lambi	Administration Officer	
		c	Payroll deduction information is periodically reviewed for compliance with statutory requirements.	Performed by:	Hayley Lambi	Administration Officer	
		d	All payroll deductions must be approved by the relevant employee.	Approved by:	Relevant employee		
7	Salary sacrifice transactions are inaccurately processed.	a	All original salary sacrifice transactions must be approved by the relevant employee. Approval is obtained prior to processing transactions into the payroll system.	Approved by:	Relevant employee		
		b	Management reviews a selection of salary sacrifice calculations for accuracy and compliance with statutory requirements; identified errors are promptly corrected.	Performed by:	Creative Auditing	Financial Consultant	
8	Pay is not distributed to employees in a timely manner.	a	Procedures to pay staff manually in the event that the electronic bank payment systems are off-line.	Managed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	

Last updated:

Eastern Health Authority
07/08/2015

9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

9.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
1	Petty cash is inadequately safeguarded.	a	Petty cash is stored in secured facilities (e.g. safes, registers).		Receipting Staff	Receipting Staff	Attached is the Cash Float reconciliation as at 30/06/2015.
		b	Access (i.e. passwords or keys) to the petty cash safes/registers is limited to appropriately designated staff.		Hayley Lambi	Administration Officer	
		c	A register for cash petty cash is maintained by appropriately designated staff.		Hayley Lambi	Administration Officer	
		d	Petty cash is reconciled on a regular basis (i.e. daily) and these reconciliations are reviewed by an independent person.	Reviewed by:	Michael Livori	Chief Executive Officer	
2	Bank payments are either inaccurately recorded or not recorded at all.	a	EHA ensures an appropriate level of authority when advised of account numbers and account number changes for electronic transfers.	Checked by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		b	Access to the creditor masterfile data is restricted to minimise the likelihood of unauthorised bank account number changes.	Restricted to:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		c	Blank cheques kept stored securely.	Controlled by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	Stored in Locked/Secure location

Last updated:

Eastern Health Authority
07/08/2015

9.0 Purchases and payments

9.1 Objective

Operation of a purchasing and payment function for EHA.

9.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
		d	Access to the electronic banking system requires two appropriately designated personnel.	1st approval:	Nadia Conci	Team Leader - Environmental Health	Note: Natajsha Bevitt alternative
				2nd approval:	Michael Livori	Chief Executive Officer	
		e	Bank statements are reviewed frequently so any unauthorised access can be identified in a timely manner (phishing).	Reviewed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		f	Bank reconciliations are performed on a regular basis and are reviewed by an independent person. Any identified discrepancies are investigated immediately.	Performed by:	Natajsha Bevitt	Team Leader - Administration	
				Reviewed by:	Michael Livori	Chief Executive Officer	
	3	a	Accounts payable amounts are either inaccurately recorded or not recorded at all	Reconciled by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
		b	Actual expenditures are compared to budget regularly; management reviews and approves significant variances.	Compared by:	Michael Livori	Chief Executive Officer	
		c	Invoices for services received are authorised and accompanied by appropriate supporting documentation.	Authorised by:	Departmental Managers		
		d	Goods received are matched with purchase order details and/or invoices.	Matched by:	Hayley Lambi	Administration Officer	

Last updated:

Eastern Health Authority
07/08/2015

9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

9.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
	4	Creditor disbursements are not valid.	a	All disbursements must be approved by management in accordance with Delegations of Authority.	Approved by:	Michael Livori	Chief Executive Officer
			b	Management reviews supporting documentation before approving payments.	Reviewed by:	Departmental Managers	
			c	There is a robust procedure for electronic funds transfer payments to reduce the likelihood of monies being credited to the wrong bank accounts.	Processed by:	Hayley Lambi	Administration Officer
	5	Accounts payable are not paid on a timely basis	a	A process is in place for obtaining invoice authorisation in a timely manner.	Approved by:	Michael Livori	Chief Executive Officer
			b	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable sub-ledger regularly and differences are investigated.	Reconciled by:	Natajsha Bevitt	Team Leader - Administration and Immunisation

Last updated:

Eastern Health Authority
07/08/2015

9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

9.2	Risks:			Procedure:	Action	Name	Position Title	Commentary
6	Accrued expenses are either inaccurately recorded or not recorded at all	a		Actuals are compared to budget on a regular basis.	Compared by:	Accounting Officer		
				Accrued expenses reconciliations are prepared on a regular basis and are reviewed by an independent person.	Prepared by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
					Reviewed by:	Creative Auditing	Financial Consultant	
7	EHA's cash reserves run out.	a		Management reviews cash position of Authority on an on-going basis, involving comparison to budgets; significant variances investigated by management.	Reviewed by:	Michael Livori	Chief Executive Officer	
				The Long Term Financial Plans are updated annually for actual income and expenditure.	Updated by:	Creative Auditing	Financial Consultant	

Last updated:

Eastern Health Authority
07/08/2015

9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

9.2	Risks:		Procedure:	Action	Name	Position Title	Commentary
8	EHA does not obtain value for money i.e. non preferred supplier in its purchasing and procurement	a	There is a robust selection process of preferred suppliers.				Refer to attached Procurement Policy
		b	Significant contracts periodically re-tendered to ensure that Authority achieves value for money from suppliers.				
		c	Staff are provided clear guidance and instructions on the process for purchasing goods and services (including appropriate approval and obtaining appropriate number of quotes, where applicable).				
		d	Staff are provided clear guidance and instructions as to the importance of using preferred suppliers for the purchase of goods and services.				
		e	An exception report generated detailing all purchases made from non-preferred suppliers; management regularly reviews this report and investigates significant/unusual items.	Reviewed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	

Last updated:

Eastern Health Authority
07/08/2015

9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

9.2	Risks:		Procedure:	Action	Name	Position Title	Commentary	
	9	Good and services are purchased without an approved purchase order	a	A purchase order authorisation list (Delegations of Authority) is maintained, specifying the amounts up to which individuals are authorised to approve purchase requisitions.	Approved by:	Michael Livori	Chief Executive Officer	Refer to attached Procurement Policy
			b	Employees must approve all purchase orders in accordance with the Delegations of Authority	Approved by:	Departmental Managers		
			c	Access to unissued purchase orders is restricted to authorised individuals.	Restricted by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
			d	Staff are provided clear guidance and instructions on the process for purchasing goods and services (including appropriate approval).	Approved by:	Michael Livori	Chief Executive Officer	

Last updated:

Eastern Health Authority
07/08/2015

9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

9.2	Risks:			Procedure:	Action	Name	Position Title	Commentary
	10	Supplier masterfile does not remain pertinent	a	Supplier masterfile data is periodically reviewed independently for accuracy and ongoing pertinence.	Reviewed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
			b	Significant changes to the supplier masterfile are approved by management.	Approved by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
			c	Access to the supplier masterfile is restricted to appropriately designated personnel.	Restricted to:	Natajsha Bevitt	Team Leader - Administration and	
			d	Supplier masterfile is edited and validated; identified errors are corrected promptly.	Corrected by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	
			e	Suppliers that have not been used for a significant period of time are reviewed and marked for deletion by the application.	Deleted by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	

Last updated:

Eastern Health Authority
07/08/2015

9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

9.2	Risks:		Procedure:	Action	Name	Position Title	Commentary	
	11	Credit Cards are used for inappropriate purchases	a	The issue of all Credit Cards to employees is approved prior to release.	Approved by:	Michael Livori	Chief Executive Officer	CEO is the only Credit Card holder for EHA
			b	Credit Card holders are provided with a copy of the policy and procedures associated with the issue and use of Credit Cards.				
			c	Employees sign declaration confirming compliance with Authority policy and procedures prior to release of Credit Card.	Approved by:			N/A
			d	Usage restrictions placed on Credit card (i.e. only used for approved purchases from pre-approved businesses).	Reviewed by:	Natajsha Bevitt	Team Leader - Administration and	
			e	All credit card statements sent directly to person independent from the credit card holder, who reviews the nature and amounts of items on the statements; any unusual items are investigated.	Reviewed by:	Natajsha Bevitt	Team Leader - Administration and Immunisation	

Last updated:

Eastern Health Authority
07/08/2015

9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

9.2	Risks:			Procedure:	Action	Name	Position Title	Commentary
	12	Employees are reimbursed for expenses of a personal nature	a	All employees' reimbursements must be submitted on a signed pro-forma claim form confirming that the employee is claiming only valid expenses.	Approved by:	Employees		
			b	All claims for employee reimbursements are approved by management in accordance with Delegations of Authority. Management focus on the nature (i.e. type of expense) as well as the amount of the claim.	Approved by:	Departmental Managers		
			c	All claims for Employee Reimbursements are submitted for approval along with supporting documentary evidence (i.e. receipts).	Approved by:	Employees		

7.4 DEVELOPMENT OF ANNUAL BUSINESS PLAN FOR 2015/2016

Author: Michael Livori
Ref: AF15/9

Summary

Eastern Health Authority (EHA) is required to develop an Annual Business Plan which supports and informs its annual budget. This report seeks to outline the process to be taken in relation to the development of the Annual Business Plan for 2015/2016.

Report

The Local Government Act 1999 requires councils to develop an annual business plan although this requirement does not extend to a regional subsidiary. To ensure EHA's budget is developed in line with best practice standards an annual business plan has been produced for a number of years. Constituent Councils have agreed that the Annual Business Plan is recognised as the Business Plan required by the Local Government Act (see legislative and Charter requirements below).

Legislative and Charter Requirements

EHA's Charter requires pursuant to clause 3.5 that;

3.5. *Business Plan and Budget*

3.5.1 *EHA must, have a Business Plan which supports and informs its annual budget.*

3.5.2 *EHA shall:*

3.5.2.1 *prepare the Business Plan linking the core activities of EHA to the Public Health Plan and to strategic, operational and organisational requirements with supporting financial projections setting out the estimates of revenue and expenditure as necessary for the period; and*

3.5.2.2 *the Board shall compare the Business Plan against performance targets at least once every financial year;*

3.5.2.3 *in consultation with the Constituent Councils review the contents of the Business Plan on an annual basis; and*

3.5.2.4 *consult with the Constituent Councils prior to amending the Business Plan.*

(See Clause 24, Part 2, Schedule 2 to the Act for the contents of the Business Plan)

- 3.5.3 *The proposed budget detailing the estimated costs and contributions for the next financial year must be referred to the Board at its April meeting and to the Chief Executive Officers of the Constituent Councils by 30 April in each year.*
- 3.5.4 *A Constituent Council may comment in writing to EHA on the proposed budget by 31 May in each year.*
- 3.5.5 *EHA shall, after 31 May but before the end of June in each financial year, prepare and adopt an annual budget for the ensuing financial year in accordance with the Local Government Act 1999 and which is consistent with the Business Plan for that financial year.*
- 3.5.6 *The Board must provide a copy of the adopted annual business plan and budget to the Chief Executive Officers of each Constituent Council within five business days of adoption.*

(See Clause 25, Part 2, Schedule 2 to the Act for the contents of the budget).

Proposed Process for the Development of the 2015/2016 Annual Business Plan

To comply with the requirements of the Charter the following process is proposed for the development of the 2015/2016 Annual Business Plan.

February 2015

- Board Members are requested to provide comments and suggestions in relation to the development of the 2015/2016 Annual Business Plan using the 2014/2015 Annual Business Plan as a guide (provided as attachment 1). Comments to be provided to the Chief Executive Officer by 27 February 2015.
- Constituent Councils are requested via their nominated contact to provide comments and suggestions in relation to the development of the 2015/2016 Annual Business Plan using the 2014/2015 Annual Business Plan as a guide. Comments to be provided to the Chief Executive Officer by 27 February 2015.
- Chief Executive Officer commences development of 2015/2016 Annual Business Plan and Budget.

March 2015

- Annual Business Plan and Budget workshop to be held on 11 March 2015 to consider feedback from Board Members and Constituent Councils in relation to the Annual Business Plan. Members will also consider a preliminary draft budget at the workshop.
- Following Board endorsement a copy of the draft Annual Business Plan and Budget will be provided to Constituent Councils requesting their comments by 10 April 2015.

April 2015

- Feedback from Constituent Councils and a proposed Annual Business Plan and Budget detailing the estimated contributions from Constituent Councils to be considered by the Board of Management at its meeting to be held on 29 April 2015.
- Proposed budget to be provided to Constituent Councils requesting any further comment by 29 May 2015.

June 2015

- Budget to be considered for adoption at the Board of Management to be held on 24 June 2015.
- Copy of budget provided to Chief Executive Officers of each Constituent Councils within 5 days of its adoption.

RECOMMENDATION

That:

1. The Development of the Annual Business Plan for 2015/2016 report is received.
2. The process for the Development of the Annual Business Plan for 2015/2016 is endorsed.

Eastern Health Authority

Date:

30th June 2015

ON HAND

APPROVED

Petty Cash

Consisting of:

\$600.00

Cash on Hand	\$482.05
Vouchers	\$117.95
Total	\$600.00

FLOAT 1 - Immunisation

Consisting of:

\$100.00

Cash on Hand	\$100.00
Vouchers	\$0.00
Total	\$100.00

FLOAT 2 - Immunisation

Consisting of:

\$100.00

Cash on Hand	\$100.00
Vouchers	\$0.00
Total	\$100.00

TOTAL \$800.00

\$800.00

Signature:

NBevitt

Name:

Natasha Bevitt

Chief Executive Officer:

[Signature]



DEBT COLLECTION POLICY

Policy Reference	EHA POL 1:2014
Date of Adoption	19 February 2014
Minutes Reference	9:022014
Review Date	N/A
Next Review Date	19 February 2016
<i>Relevant Document Reference</i>	Nil

1. Purpose

This Debt Collection Policy (Policy) sets out a clear, equitable, accountable and transparent process that Eastern Health Authority (EHA) will follow for its debt management and collection practices.

The Policy will also assist in ensuring that all debts owed to EHA are received by the due date or followed up within specified timeframes.

2. Scope

This policy applies to all EHA Staff in relation to the collection of outstanding debt.

3. Definitions

- Credit – the purchase and/or provision of goods and services from EHA by a debtor on the basis of a commitment to pay at a future time.
- Debt – the amount of money owed by the debtor as a result of a transaction with EHA. A debt is expected to be settled within the normal payment terms of trade.
- Debtor – an individual, organisation or other party that transacts with EHA where goods or services are provided, use of facilities are made available, fines and licence fees are levied and any other transaction that results in a future payment to EHA.
- A debtor is an asset for EHA, as it gives rise to an anticipated future benefit. The future benefits are cash inflows, which occur when the debt is paid.
- Invoice Date – the date which the invoice has been raised in the debtors system.

4. Principles

The document on the Authority's Records Management System is considered to be the current and controlled version. Before using a printed copy, verify that it is the current version

TRIM: D14/2952

DEBT COLLECTION POLICY

Decisions relating to collection of outstanding debts will be considered in the context of:

- **Accountability and Transparency**

EHA's practices and decisions will be made in accordance with the relevant legislation and accepted conventions. Staff will ensure that internal controls are applied when dealing with outstanding debts.

- **Fairness and Equity**

EHA will ensure that all credit and related debts are managed fairly and equitably.

This Policy confirms that parties who incur debts do so on the understanding that the prescribed repayment terms are met.

- **Responsibilities**

The team providing the goods and/or service to the debtor will be responsible for completing the documentation required for an invoice to be generated. Administration will be responsible for raising the invoice and the recovery of any debts for all teams.

- **Risk Management**

Principles of risk management will underpin decisions made in relation to credit and related debt management. To reduce the risk of non-payment of debt, a structured collection and recovery process will be applied.

5. Policy

EHA staff will maintain procedures that support the administration of this Policy.

5.1 Credit Management

5.1.1 Credit terms for all Sundry debtors are 30 days from the date of invoice.

5.2 Debt Management

5.2.1 If payment has not been received within 30 days of the invoice date a statement will be issued to the debtor advising of invoices still to be paid as a first reminder.

5.2.2 If payment has not been received within 60 days of the invoice date, where possible telephone contact is made with the debtor requesting payment. Another statement is issued with an overdue stamp.

5.2.3 If payment has not been received within 90 days of the invoice date, a letter is sent to the debtor advising that debt collection will commence if the invoice is not paid in full within seven (7) calendar days and all costs associated with this process will be added to the outstanding debt.

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TRIM: D14/2952

DEBT COLLECTION POLICY

- 5.2.4 If payment is not received within 97 days of the invoice date, the debtor's contact details are provided to EHA's debt collection agency, who will issue a demand letter requesting payment within seven (7) calendar days.
- 5.2.5 If payment is not received within a further 14 days staff will liaise with the relevant debt collection agency as to how to proceed. This resulting action will be determined on a case by case basis taking in to consideration section 6.4 of this Policy.
- 5.2.6 The Chief Executive Officer has the discretion to vary steps 5.2.1 to 5.2.6 subject to delegation limits.

5.3 Provision for Doubtful Debts

- 5.3.1 Where the recovery of debt is unlikely prior to completing all steps listed in 5.2 (i.e. where the debtor is bankrupt or in liquidation), a provision for doubtful debt shall be made.

6.4 Write off

- 6.4.1 Section 143 of the Local Government Act 1999 will apply when determining if an outstanding debt should be written off.
- 6.4.2 Debts will only be written off when all reasonable attempts to recover outstanding amounts have been made or the costs of recovery are likely to equal or exceed the amount to be recovered.
- 6.4.3 The writing off of a debt and any associated debt recovery or legal costs will be charged to the account where the invoice was originally raised.
- 6.4.4 All debts up to the value of \$3000 must be authorised by the CEO.
- 6.4.5 Any debts greater than \$3000 must be authorised by the Board of Management.

7. Review & Evaluation

This Policy will be reviewed every two years.

8. Statement of Adoption

This Policy was adopted by the Board of the Eastern Health Authority on 19 February 2014.

The document on the Authority's Records Management System is considered to be the current and controlled version. Before using a printed copy, verify that it is the current version

TRIM: D14/2952

Annual Leave	Other Leave/Absence
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Employee Name:

Position:

<p>First Day of Leave ____/____/____</p> <p>Last Day of Leave ____/____/____</p> <p>Dates of RDO's (Prior, during or after).....</p> <p>.....</p> <p>Public Holidays (Number of Days)</p> <p>Total Days on Annual Leave.....</p> <p>Resumption Date ____/____/____</p> <p>Payment in Advance <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Number of Weeks</p>	<p><i>[Tick which type of leave]</i></p> <p>“Banked” RDO</p> <p>Parental Leave (maternity, paternity and adoption leave) <i>[Attach all required medical certificates and forms]</i></p> <p>Compassionate Leave <i>[Attach required documents]</i></p> <p>Leave Without Pay <i>[Attach details of reason for leave]</i></p> <p>Jury Service <i>[Attach Sheriff's payment form]</i></p> <p>Government Services, e.g. Army Reserve, SES, CFS, etc. <i>[Attach details]</i></p> <p>Study Leave</p> <p>Other _____ <i>[Details/Reason]</i></p> <p>First Day of Leave/Absence ____/____/____</p> <p>Last Day of Leave/Absence ____/____/____</p> <p>Part Day Absence:</p> <p>Begin Time am/pm</p> <p>End Time am/pm</p> <p>Total Days/Hours Absent</p> <p>Resumption Date ____/____/____</p> <p>Resumption Timeam/pm</p>
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Long Service Leave	
<p>First Day of Leave ____/____/____</p> <p>Last Day of Leave ____/____/____</p> <p>Total Days on LSL.....</p> <p>Resumption Date ____/____/____</p> <p>Payment in Advance <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Number of Weeks</p>	<p>Part Day Absence:</p> <p>Begin Time am/pm</p> <p>End Time am/pm</p> <p>Total Days/Hours Absent</p> <p>Resumption Date ____/____/____</p> <p>Resumption Timeam/pm</p>

Sick/Personal/Carer's Leave	
<p>First Day of Absence ____/____/____</p> <p>Last Day of Absence ____/____/____</p> <p>Part Day Absence</p> <p>Begin Time am/pm</p> <p>End Time am/pm</p> <p>Total Days/Hours Absent</p>	<p>Medical Certificate</p> <p><input type="checkbox"/> Yes <i>[Attach certificate to this form]</i></p> <p><input type="checkbox"/> No _____ <i>[Reason]</i></p> <p>Is this absence Carer's Leave? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Number of Days</p>

Employee's Signature Date ____/____/____

Leave Approved Manager/Supervisor Date ____/____/____

Leave Approved Chief Executive Officer Date ____/____/____

Payment Approved Yes No

* The above payment will still be subject to the necessary leave balance being available and current organisational policy.

<p><input type="checkbox"/> Copy to payroll department</p> <p><input type="checkbox"/> Copy to employee</p>	<p>Entered on Leave Record by</p> <p>..... Date ____/____/____</p>
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PROCUREMENT POLICY



POLICY FOR THE PROCUREMENT OF GOODS AND SERVICES

Policy Reference	EHA POL :2011
Date of Adoption	22 June 2011
Minutes Reference	10: 062011
Review Date	22 January 2014
Next Review Date	June 2016
<i>Relevant Document Reference</i>	Guidance prepared by Local Government Corporate Services for Councils - The Procurement Guide

1. INTRODUCTION

- 1.1 In compliance with Section 49 of the Local Government Act 1999 (Act), EHA should refer to the policy for the Procurement of Goods and Services (Policy) when acquiring goods and services.
- 1.2 Section 49 of the Act requires EHA to prepare and adopt policies on contracts and tenders on:
- 1.2.1 the contracting out of services; and
 - 1.2.2 competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
 - 1.2.3 the use of local goods and services.
- 1.3 Furthermore, Section 49 (a1) of the Act requires EHA to develop and maintain policies, practices and procedures directed towards:
- 1.3.1 obtaining value in the expenditure of public money; and
 - 1.3.2 providing for ethical and fair treatment of participants; and
 - 1.3.3 ensuring probity, accountability and transparency in all operations.
- 1.4 This Policy seeks to:
- 1.4.1 define the methods by which EHA can acquire goods and services;
 - 1.4.2 demonstrate accountability and responsibility of EHA to ratepayers;

Procurement Policy	Effective:22/06/2011 Review Date: 22/01/2014	TRIM Ref: D14/6484
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PROCUREMENT POLICY

- 1.4.3 be fair and equitable to all parties involved;
- 1.4.4 enable all processes to be monitored and recorded; and
- 1.4.5 ensure that the best possible outcome is achieved for the EHA.
- 1.5 However, this Policy does not cover:
 - 1.5.1 non-procurement expenditure such as sponsorships, grants, funding arrangements, donations and employment contracts; or
 - 1.5.2 the disposal of land and other assets owned by the EHA.

2. POLICY OBJECTIVE

EHA aims to achieve advantageous procurement outcomes by:

- 2.1 enhancing value for money through fair, competitive, non-discriminatory procurement;
- 2.2 promoting the use of resources in an efficient, effective and ethical manner;
- 2.3 making decisions with probity, accountability and transparency;
- 2.4 advancing and/or working within EHA's economic, social and environmental policies;
- 2.5 providing reasonable opportunity for competitive local businesses to supply to EHA;
- 2.6 appropriately managing risk; and
- 2.7 ensuring compliance with all relevant legislation.

3. PROCUREMENT PRINCIPLES

EHA must have regard to the following principles in its acquisition of goods and services:

- 3.1 *Encouragement of open and effective competition*
- 3.2 *Obtaining Value for Money*
 - 3.2.1 This is not restricted to price alone.
 - 3.2.2 An assessment of value for money must include, where possible, consideration of:
 - 3.2.2.1 the contribution to EHA's long term financial plan and strategic direction;
 - 3.2.2.2 any relevant direct and indirect benefits to EHA, both tangible and intangible;

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- 3.2.2.3 efficiency and effectiveness of the proposed procurement activity;
- 3.2.2.4 the performance history, and quality, scope of services and support of each prospective supplier;
- 3.2.2.5 fitness for purpose of the proposed goods or service;
- 3.2.2.6 whole of life costs;
- 3.2.2.7 EHA's internal administration costs;
- 3.2.2.8 technical compliance issues;
- 3.2.2.9 risk exposure; and
- 3.2.2.10 the value of any associated environmental benefits.

3.3 *Probity, Ethical Behaviour and Fair Dealing*

EHA is to behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations.

3.4 *Risk Management*

Ensure that appropriate risk management practices are in place for procurement activities including risk identification, assessment, and implementation of controls.

3.5 *Accountability, Transparency and Reporting*

3.6 *Ensuring compliance with all relevant legislation*

3.7 *Encouragement of the development of competitive local business and industry*

Where the evaluation criteria are comparable, EHA may consider the following:

- 3.7.1 the creation of local employment opportunities;
- 3.7.2 increased availability of local servicing support;
- 3.7.3 increased convenience with communications with the supplier for contract management;
- 3.7.4 economic growth within the local area;
- 3.7.5 benefit to EHA of associated local commercial transaction; and/or
- 3.7.6 the short and long term impact of the procurement on local business.

3.8 *Environmental protection*

EHA will seek to:

- 3.8.1 adopt purchasing practices which conserve natural resources;

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- 3.8.2 align the EHA's procurement activities with principles of ecological sustainability;
 - 3.8.3 purchase recycled and environmentally preferred products where possible;
 - 3.8.4 integrate relevant principles of waste minimisation and energy;
 - 3.8.5 foster the development of products and services which have a low environmental impact;
 - 3.8.6 provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services.
- 3.9 Occupational, Health & Safety
- 3.10 Financial Responsibility

Ensure that EHA employees procure Goods, Works, or Services where there is an approved and allocated budget for that purchase, and where an EHA employee with the appropriately delegated financial authority approves the purchase.

4. PROCUREMENT METHODS

Generally, open and fair competition is best achieved by undertaking a tender process so that all interested parties have an opportunity to bid. However, there may be procurements in which a tender process will not necessarily deliver the most advantageous outcome for the EHA – in such instances, other market approaches may be more appropriate.

The EHA may, having regard to its Procurement Principles and any other factors considered relevant by the EHA, in its absolute discretion determine to utilise one or more of the following procurement methods:

4.1 *Direct Purchasing*

- 4.1.1 This is where EHA purchases from a single source, without first obtaining competing bids.
- 4.1.2 This method may be suitable for low value, low risk goods and services, and where the supplier already has a successful service history with the EHA.

4.2 *Quotations (Informal)*

- 4.2.1 This is where EHA obtains quotations from prospective suppliers.
- 4.2.2 Generally, a minimum of three quotations are sought.
- 4.2.3 Where possible, the EHA must insist on written quotes.
 - 4.2.3.1 If a written quote cannot be obtained, the EHA **must** keep detailed written records of the oral quote obtained, including details of the commercial terms of the quote.
- 4.2.4 This method may be suitable for low value, low risk goods and services.

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4.3 *Request for Quotations (RFQ)*

- 4.3.1 This is where EHA obtains written quotations from prospective suppliers.
- 4.3.2 Generally, a minimum of three written quotations are sought.
- 4.3.3 This method may be suitable for simple, largely price-based purchases.
- 4.3.4 A “Short Form Request for Quotation” can be used for purchases with minimal specifications.
- 4.3.5 A “Long Form Request for Quotation” can be used for purchases with detailed specifications.

4.4 *Requests for Expressions of Interest (REOI)*

- 4.4.1 This is where EHA issues an open invitation for a proposed goods and/or service.
- 4.4.2 This method may be used where there is potentially a large market for the proposed goods and/or service, and the EHA would like to be able to prepare a short list of suppliers to then invite to participate in a tender process.

4.5 *Request for Tenders (RFT)*

- 4.5.1 This is where the EHA issues a tender for a proposed goods and/or service.
- 4.5.2 EHA may issue a “Select” Request for Tender where it has already issued a REOI, or where it has reasonable grounds for only dealing with a select group of potential suppliers.
- 4.5.3 Otherwise, EHA may issue an “Open” Request for Tender.

4.6 *Panel contracts*

- 4.6.1 This is where the EHA establishes panel arrangements with a select group of suppliers – generally, this occurs once the EHA has completed its appointment of such suppliers in accordance with this Policy, and can include either:
 - 4.6.1.1 a standing offer from a pool of suppliers for the provision of goods and services on agreed terms; or
 - 4.6.1.2 the prequalification of certain suppliers who may or may not be engaged on terms to be agreed.
- 4.6.2 Once a panel has been established, the EHA may purchase the particular goods and/or service through such panel arrangements.

4.7 *Strategic alliances*

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4.7.1 This is where the EHA undertakes procurement through contract arrangements already established and administered by other organisations, including:

4.7.1.1 LGA Procurement;

4.7.1.2 Procurement Australia;

4.7.1.3 State Government contracts.

5. CONSIDERATIONS FOR THE EHA

The appropriate method of procurement will be determined by reference to a number of factors, including:

5.1 *Value of the Purchase*

Value of Purchase (\$)	Possible Method of Procurement
Up to \$2,000	Direct Sourcing
\$2,001 to \$5,000	At least 3 verbal quotations
\$5,001 to less than \$50,000	At least 3 written quotations
\$5,001 to less than \$50,000	Request for Quotation (RFQ)
\$50,001 and above	Request for Expression of Interest (REOI)
\$50,001 and above	Request for Tender (RFT)

The value of the purchase will be calculated as follows:

- *single one-off purchase* – the total amount, or estimated amount, of the purchase (excluding GST);
- *multiple purchases* – the gross value, or the estimated gross value, of the purchases (excluding GST); or
- *ongoing purchases over a period of time* – the annual gross value, or the estimated annual gross value, of the purchases (excluding GST).

5.2 *cost of an open market approach versus the value of the acquisition and the potential benefits;*

5.3 *the particular circumstances of the procurement activity;*

5.4 *the objectives of the procurement;*

5.5 *the size of the market and the number of competent suppliers;*

5.6 *the EHA's leverage in the marketplace;*

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5.7 *time constraints;*

a global assessment of the risks associated with the relevant activity and /or project, including the risk profile of the procurement and any risks associated with the preferred procurement method

6. RECORDS

The EHA must record written reasons for utilising a specific procurement method in each activity and where it uses a procurement method other than tendering.

7. EXEMPTIONS FROM THIS POLICY

This Policy contains general guidelines to be followed by the EHA in its procurement activities. There may be emergencies, or procurements in which a tender process will not necessarily deliver best outcome for the EHA, and other market approaches may be more appropriate.

In certain circumstances, the EHA may, after approval from its elected members, waive application of this Policy and pursue a method which will bring the best outcome for the EHA. The EHA must record its reasons in writing for waiving application of this Policy.

8. DELEGATIONS

Expenditure must be within the employees delegated financial authority, as follows:

POSITION	\$1- \$500	\$501 - \$3,000	\$3,001 - \$10,000	\$10,001- \$50,000	\$50,001 +
Chief Executive Officer	X	X	X	X	X
Senior Environmental Health Officer	X				
Immunisation Co-coordinator	X	X *	X *		
Office Manager	X				
	All contracts for the acquisition of goods and services in excess of \$50,000 are to be authorised by CEO/EHA.				

*For vaccine purchases only

9. FURTHER INFORMATION

9.1 This Policy will be kept on the EHA's website for the public to view.

9.2 This policy will be reviewed at least once every two years.

9.3 However, EHA may revise or review this Policy at any time (but not so as to affect any process that has already commenced).

10. Statement of Adoption

This Policy was adopted by the Board of the Eastern Health Authority on 19 February 2014.

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