

Audit Committee Meeting

27 May 2015



**EASTERN HEALTH AUTHORITY
AUDIT COMMITTEE MEETING**

WEDNESDAY 27 May 2015

Notice is hereby given that a meeting of the Audit Committee of the Eastern Health Authority will be held at the EHA's offices at **101 Payneham Road, St Peters** on Wednesday 27 May 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 27 May 2015

Commencing at 5.30 pm

| | | |
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| 3 | Presiding Member's Remarks | |
| 4 | Confirmation of Minutes – 13 August 2013 | |
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- 6 Other Business
- 7 Closure of meeting

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

Author: Michael Livori

Ref: AF15/9

Summary

At a meeting held on 29 April 2015 the Eastern Health Authority Board of Management (BOM) considered a draft Annual Business Plan and Budget (ABP) for 2015/2016. This report is to inform Audit Committee members in relation to the budget development process.

Report

At a meeting held on 19 February 2015, the BOM endorsed the process for the development of the 2015/2016 ABP. The process is detailed below.

Approved Process 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. 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

At a meeting held on 29 April 2015 the BOM considered a Draft ABP for 2015/2016. A summary in relation to development of the Annual Business Plan presented to the Board for consideration is provided below.

Development of the 2015/2016 Draft Annual Business Plan

- on 11 February 2015, Board Members endorsed the Annual Business Plan development process and were requested to provide comments and suggestions in relation to the content of the Annual Business Plan and Budget
- the Chief Executive Officer commenced development of the 2015/2016 Annual Business Plan and Budget
- on 13 February 2015, Constituent Councils were requested via their nominated contact to provide comments and suggestions in relation to the development of the Annual Business Plan
- an Annual Business Plan and Budget workshop was held on 11 March 2015. At the workshop, a PowerPoint presentation was provided which outlined budget influences and assumptions, changes to income and expenditure and council contributions required to fund the budget
- on 12 March 2015, a copy of the Draft Annual Business Plan and Budget was provided to all Constituent Council Chief Executive Officers requesting their feedback by 10 April 2015. Responses received are provided as attachment 1

Content of the Draft Annual Business Plan 2015/2016

The Draft 2015/2016 Eastern Health Authority Annual Business Plan includes the following:

- EHA's objectives for the financial year
- the activities that the EHA intends to undertake to achieve those objectives

- the measures (financial and non-financial) which EHA intends to use to assess its performance against its objectives over the financial year

The draft plan is provided as attachment 2.

Budget Documents

A set of Budgeted Financial Statements contained within the Annual Business Plan are required to be adopted by the Board of Management at the June meeting as the EHA budget for 2015/2016.

An additional document entitled "Eastern Health Authority Funding Statement 2015/2016 which provides a greater level of detail in respect to budgeted income and expenditure has been provided as attachment 3.

The Funding Statement does not form part of the Annual Business Plan.

Influences and Assumptions for 2015/2016

Significant factors that 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

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 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 evolvement of performance development system
- refine process for inducting staff
- retender for current service contracts

Funding the Business Plan and the Budget

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 of \$80,851 and loan repayments of \$55,934 the net budget result is \$0 or a balanced 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. This represents an increase of \$32,701 (2.1%) from the previous financial year.

EHA has budgeted to provide Constituent Councils with a cash distribution totalling \$200,000 in this budget. The distribution will be reflected through a reduction in Equity and Movement in Cash Flows. Net costs to Constituent Councils will therefore reduce by 10.6% this financial year.

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.

Each year there will be some change in the individual proportions determined by the formula that means that each council may have a change in contribution that is different from the average.

The formula has been used to calculate the change in proportions and contributions for each Constituent Council for the 2015/2016 financial year. The calculations are detailed in the table on the following page.

| Eastern Health Authority Constituent Council Contribution Calculations 2015-2016 | | | | | | | |
|--|--------------|------------|--------------|------------|------------|-------------|--------------|
| | | Burnside | Campbelltown | NPSP | Prospect | Walkerville | Total |
| Activity Data | | | | | | | |
| Rateable properties | | 20450 | 22169 | 19245 | 9536 | 3410 | 74810 |
| Population of council | | 44449 | 49716 | 36498 | 21105 | 7408 | 159176 |
| Number 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 |
| Hairdressers/Beauty Treatment/Skin Penetration | | 60 | 52 | 89 | 29 | 7 | 237 |
| Number of Yr 8/9 Enrolments | | 1295 | 1184 | 1281 | 355 | 141 | 4256 |
| Avg. Clients receiving vaccines at | | 970 | 1184 | 1663 | 353 | 171 | 4341 |
| | | | | | | | |
| % of Individual Activities used by Council | | | | | | | |
| Number of Food Premises Assessments | | 23.37% | 22.00% | 36.57% | 14.48% | 3.57% | 100% |
| Environmental Health Complaints | | 22.65% | 33.10% | 27.53% | 11.50% | 5.23% | 100% |
| Supported Residential Facilities | | 37.50% | 25.00% | 12.50% | 25.00% | 0.00% | 100% |
| High Risk Manufactured Systems | | 22.64% | 13.21% | 37.74% | 13.21% | 13.21% | 100% |
| Hairdressers/Beauty Treatment | | 25.32% | 21.94% | 37.55% | 12.24% | 2.95% | 100% |
| Swimming Pools | | 42.86% | 7.14% | 38.10% | 4.76% | 7.14% | 100% |
| Number of Yr 8 & 9 Enrolments | | 30.43% | 27.82% | 30.10% | 8.34% | 3.31% | 100% |
| Avg. vaccines at Clinics per month | | 22.35% | 27.27% | 38.31% | 8.13% | 3.94% | 100% |
| | | | | | | | |
| Weighted % of Activities used by Council | | | | | | | |
| | Weighting | | | | | | |
| Administration | 12.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 12.50% |
| Number of Food Premises | 28.50% | 6.66% | 6.27% | 10.42% | 4.13% | 1.02% | 28.50% |
| Environmental Health Complaints | 11.00% | 2.49% | 3.64% | 3.03% | 1.26% | 0.57% | 11.00% |
| Supported Residential Facilities | 10.00% | 3.75% | 2.50% | 1.25% | 2.50% | 0.00% | 10.00% |
| Cooling Towers | 3.00% | 0.68% | 0.40% | 1.13% | 0.40% | 0.40% | 3.00% |
| Hairdressers/Beauty Treatment | 2.00% | 0.51% | 0.44% | 0.75% | 0.24% | 0.06% | 2.00% |
| Swimming Pools | 3.00% | 1.29% | 0.21% | 1.14% | 0.14% | 0.21% | 3.00% |
| Number of Yr 8 & 9 Enrolments | 15.00% | 4.56% | 4.17% | 4.51% | 1.25% | 0.50% | 15.00% |
| Avg. vaccines at Clinics per month | 15.00% | 3.35% | 4.09% | 5.75% | 1.22% | 0.59% | 15.00% |
| Constituent Council Proportion of Consumption | 100.00% | 25.79% | 24.22% | 30.49% | 13.65% | 5.85% | 100.00% |
| Expenditure 2015-2016 | \$ 2,470,806 | | | | | | |
| General Receipts 2015-2016 | \$ 661,500 | | | | | | |
| Constituent Council Distribution | \$ 200,000 | | | | | | |
| Total Required Operating contributions 2015-2016 | \$ 1,609,306 | | | | | | |
| Constituent Council Contribution proportion | | 25.79% | 24.22% | 30.49% | 13.65% | 5.85% | 100.00% |
| Actual Contribution | | \$ 415,037 | \$ 389,840 | \$ 490,646 | \$ 219,621 | \$ 94,162 | \$ 1,609,306 |

The table on the following page details the change in percentage and value of contributions for each Constituent Council after applying the consumption formula (highlighted in orange). It also shows the effect on required net funds required after considering the cash contribution (highlighted in light blue).

| Eastern Health Authority Constituent Council Contribution Calculations 2015-2016 | | | | | | | |
|--|--------------|-------------|--------------|-------------|-------------|-------------|--------------|
| | | Burnside | Campbelltown | NPSP | Prospect | Walkerville | Total |
| Expenditure 2015-2016 | \$ 2,470,806 | | | | | | |
| General Receipts 2015-2016 | \$ 661,500 | | | | | | |
| Constituent Council Distribution | \$ 200,000 | | | | | | |
| Total Required Operating contributions 2015-2016 | \$ 1,609,306 | | | | | | |
| Constituent Council Contribution proportion | | 25.79% | 24.22% | 30.49% | 13.65% | 5.85% | 100.00% |
| Actual Contribution | | \$ 415,037 | \$ 389,840 | \$ 490,646 | \$ 219,621 | \$ 94,162 | \$ 1,609,306 |
| Change In Contribution from previous year | | | | | | | |
| Expenditure 2014-2015 | \$ 2,289,805 | | | | | | |
| General Receipts 2014-2015 | \$ 713,200 | | | | | | |
| Required contributions | \$ 1,576,605 | | | | | | |
| Contribution proportion | | 25.43% | 23.91% | 30.93% | 14.10% | 5.63% | 100.00% |
| Actual Contribution | | \$ 400,896 | \$ 376,995 | \$ 487,613 | \$ 222,291 | \$ 88,809 | \$ 1,576,605 |
| Change in Contribution Proportion from previous FY | | 0.36% | 0.31% | -0.44% | -0.45% | 0.22% | 0% |
| Change in Contribution (\$) | | \$ 14,141 | \$ 12,844 | \$ 3,033 | \$ (2,670) | \$ 5,353 | \$ 32,701 |
| Change in contributions (%) | 2.07% | 3.53% | 3.41% | 0.62% | -1.20% | 6.03% | 2.07% |
| After Cash Distribution | | | | | | | |
| Expenditure 2014-2015 | \$ 2,289,805 | | | | | | |
| General Receipts 2014-2015 | \$ 713,200 | | | | | | |
| Required contributions after distribution | \$ 1,376,605 | | | | | | |
| Contribution proportion | | 25.43% | 23.91% | 30.93% | 14.10% | 5.63% | 100.00% |
| Net funds required 2015/2016 | | \$ 363,457 | \$ 341,391 | \$ 429,670 | \$ 192,327 | \$ 82,460 | \$ 1,409,306 |
| Change in funds (\$) from previous year | \$ (167,299) | \$ (37,439) | \$ (35,604) | \$ (57,943) | \$ (29,964) | \$ (6,349) | \$ (167,299) |
| Change in funds (%) from previous year | -10.61% | -9.34% | -9.44% | -11.88% | -13.48% | -7.15% | |

Process from here

- The Draft Annual Business Plan and Financial Statements will be provided to Constituent Councils requesting any further comment by 29 May 2015.
- Final budget to be considered for adoption at the Board of Management to be held on 24 June 2015.
- A copy of the budget will be provided to the Chief Executive Officer of each Constituent Council within 5 days of its adoption.

RECOMMENDATION

That:

The Draft Annual Business Plan and Budgeted Financial Statements for 2015/2016 Report is received.

9 April 2015

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

Dear Mr Livori

Eastern Health Authority Annual Business Plan and Budget 2015/16

Thank you for your letter, received on 12 March 2015, inviting Council's comment on the proposed Annual Business Plan and Budget for 2015/16.

The Annual Business Plan and Budget was presented to Council at its meeting held on Tuesday 24 March 2015.

Council endorses the Eastern Health Authority Annual Business Plan and Budget for financial year 2015/16.

If you have any further queries, please contact Jason Cattonar, Acting Manager City Development and Safety on 8366 4136 or at jcattonar@burnside.sa.gov.au

Yours faithfully

A handwritten signature in black ink, appearing to read 'Paul Deb', with a stylized flourish at the end.

Paul Deb
Chief Executive Officer



Ref.

20 April 2015

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

Dear Michael,

EASTERN HEALTH AUTHORITY (EHA) ANNUAL BUSINESS PLAN

Thank you for the opportunity to review and provide comment for the EHA 2015/16 Annual Business Plan. I note that the global increase in contributions meets the requests from constituent Councils and is set at 2.1%, a difficult achievement within an environment of increasing expectations and the maintenance of high operational standards.

I acknowledge that savings achieved over the past two years are the result of salary surplus and the consolidation of staffing to achieve efficiencies, with those savings being passed onto Prospect for the 2015/16 Budget.

I look forward to the continuation of our collaboration for the benefit of residents of City of Prospect.

Yours sincerely,

NATHAN CUNNINGHAM
Director Community, Planning & Communications

Reference: S/00046 (256215)
Enquiries To: Mario Barone
Dir. Telephone: 8366 4539



**City of
Norwood
Payneham
& St Peters**

**CHIEF
EXECUTIVE'S
OFFICE**

10 April 2015

15 APR 2015

BY:

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

Dear Michael

**EASTERN HEALTH AUTHORITY DRAFT 2015-2016 ANNUAL BUSINESS PLAN
AND BUDGET**

Thank you for your letter dated 12 March 2015, regarding the Draft 2015-2016 Annual Business Plan and Budget.

I note that the Authority is budgeting for a Net Deficit of \$24,917. It is also noted that the increase on the 2014-2015 financial year of 2.1%, will be received from Constituent Councils through contributions to the operational expenditure of the Authority.

It is pleasing to note that the Authority's has planned for a cash distribution of \$200,000 to the Constituent Councils, with the distribution coming from operating surpluses achieved in the prior year.

Thank you for the opportunity to provide comments on the Draft 2015 – 2016 Budget and Annual Business Plan.

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

Yours sincerely

Lisa Mara
ACTING CHIEF EXECUTIVE OFFICER

175 The Parade
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From: [Deb Bria](#)
To: [Michael Livori](#)
Cc: [Manna Montu Abraham](#)
Subject: EM20151737 - 11.85.1.7 - Eastern Health Authority Budget Review 2 & Eastern health Authority - Development of Annual business Plan and budget 2015-16
Date: Tuesday, 17 March 2015 10:42:28 AM

Good Morning

Council at its Ordinary meeting convened on 16 March considered the Authorities Budget Review 2 & ABP & budget 2015-2016 and resolved the following:

13.1.11 Eastern Health Authority Budget Review 2

MOVED: Councillor Shetliffe
SECONDED: Councillor Busato

That Council:

1. Endorses Budget Review 2 for the FY 2014-15 of the Eastern Health Authority (EHA); and Notes the impact on Council's share in the operating result for the FY 2014-15.

CARRIED

13.1.12 Eastern Health Authority – Development of Annual Business Plan and Budget 2015 -16

MOVED: Councillor Shetliffe
SECONDED: Councillor Bishop

That Council:

1. Endorses the proposed process for the development of the Eastern Health Authority's (EHA) Annual Business Plan and Budget 2015-16;
2. Directs Administration to write to EHA advising them of Council's resolution ;
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.

CARRIED

Regards,

Deb Bria
Protocol and Compliance Officer



Town of Walkerville

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Annual Business Plan 2015 / 2016

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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 evolvement 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

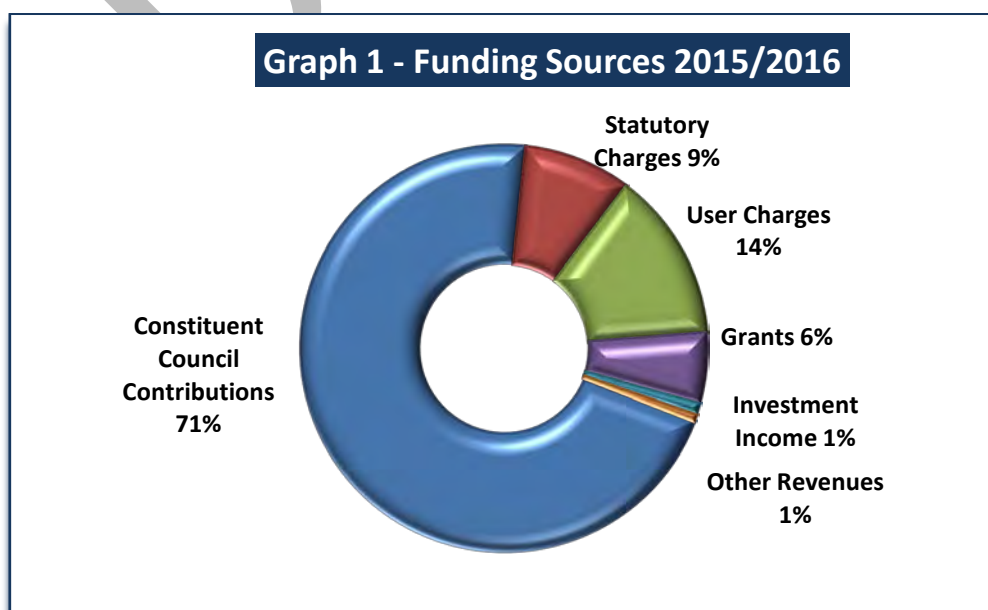
Grants include monies received from State and Federal Governments for the purposes of funding the delivery of the programs such as immunisation services.

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% |

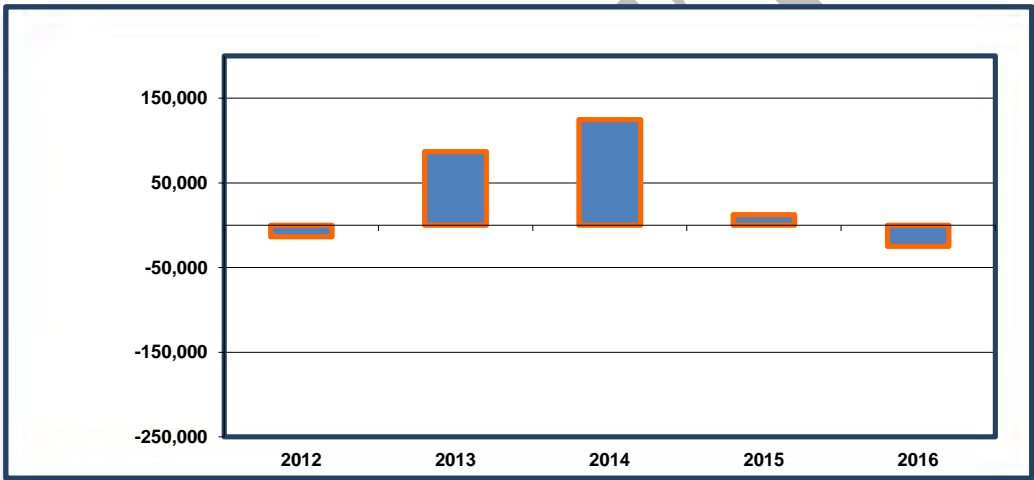
FINANCIAL INDICATORS

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.

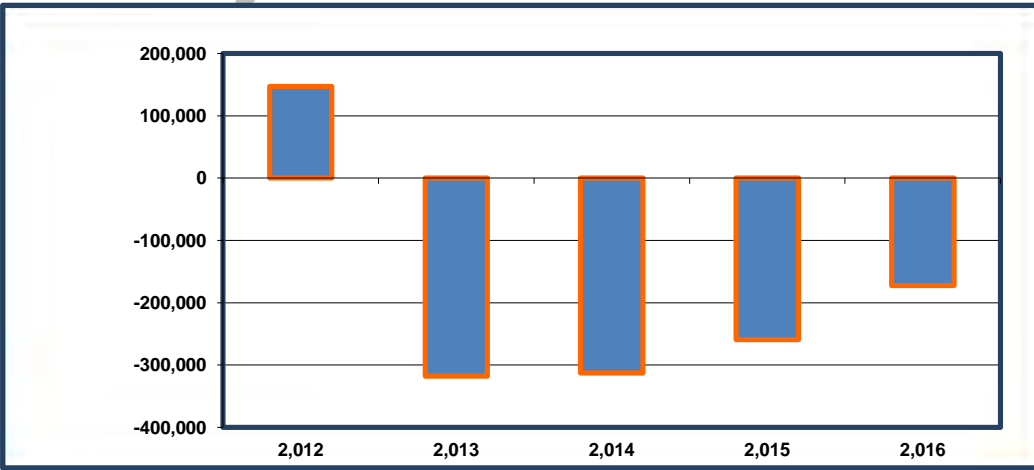
Graph 2: Operating Surplus / (Deficit)



Net Financial Assets

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

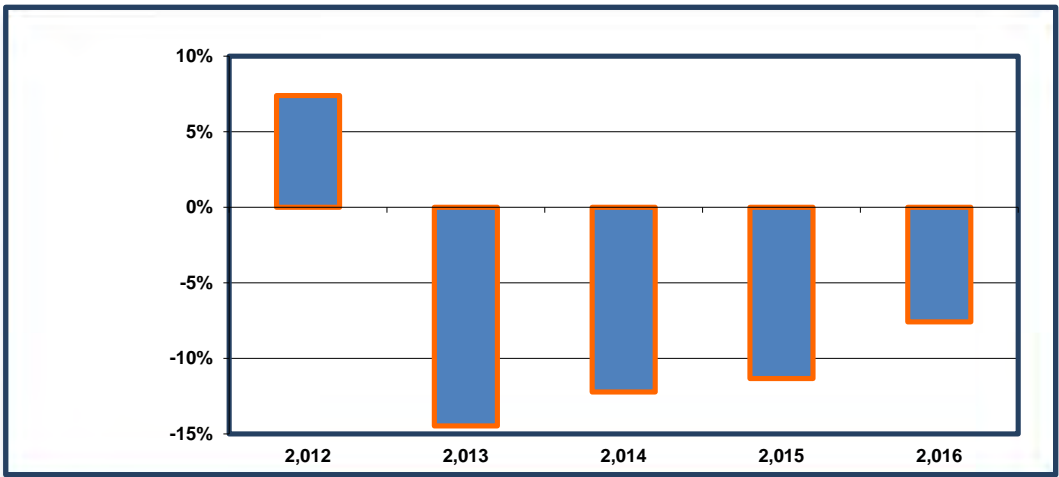
Graph 3: Net Financial Assets



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. |

DRAFT

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.'

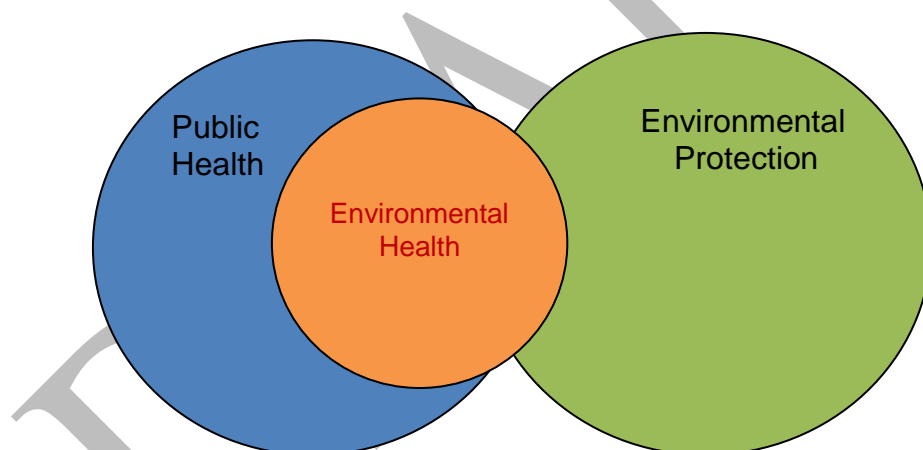


Figure 1.1 – the relationship between public health, environmental health and environmental protection

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 |
|--|---|
| <p>3.1 Compile and maintain a register of all public health related premises.</p> <p>Public Health related premises are:</p> <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 | <p>Register maintained at all times.</p> |
| <p>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>.</p> | <p>Assessments performed bi-annually.</p> |
| <p>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>.</p> | <p>Assessments performed annually.</p> |
| <p>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>.</p> | <p>Water samples collected and sent for analysis annually.</p> |
| <p>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.</p> | <p>Prompt investigation commenced in accordance with service standards.</p> |

| 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</i> and <i>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 Liaise with SA Health and other councils to ensure a co-ordinated approach where necessary. | 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 |

| Eastern Health Authority - DRAFT - Funding Statement 2015- 2016 | | |
|--|---|---------------------|
| Income | Revised Budget December 2014 | Draft Budget |
| Constituent Council Income | 2014-2015 | 2015-2016 |
| City of Burnside | \$ 400,895 | \$ 415,037 |
| City of Campbelltown | \$ 376,995 | \$ 389,840 |
| City of NPS | \$ 487,614 | \$ 490,646 |
| City of Prospect | \$ 222,292 | \$ 219,621 |
| Town of Walkerville | \$ 88,809 | \$ 94,162 |
| Public Health Plan Contributions | \$ 15,500 | \$ - |
| Total Constituent Council Contributions | \$ 1,592,105 | \$ 1,609,306 |
| Statutory Charges | | |
| Food Inspection fees | \$ 65,000 | \$ 80,000 |
| Legionella registration and inspection | \$ 22,000 | \$ 20,000 |
| SRF Licenses | \$ 5,700 | \$ 4,000 |
| Fines | \$ 100,000 | \$ 90,000 |
| Total Statutory Charges | \$ 192,700 | \$ 194,000 |
| User Charges | | |
| Immunisation - non funded vaccines | \$ 64,000 | \$ 45,000 |
| Immunisation - Worksites | \$ 100,000 | \$ 100,000 |
| Food Auditing | \$ 57,000 | \$ 54,000 |
| City of Unley | \$ 106,000 | \$ 106,000 |
| Food Safety Training | \$ 4,500 | \$ 2,000 |
| Total User Charges | \$ 331,500 | \$ 307,000 |
| Grants, Subsidies, Contributions | | |
| School Based immunisation Program | \$ 83,000 | \$ 84,500 |
| Child Immunisation register | \$ 42,500 | \$ 42,000 |
| Total Grants, Subsidies, Contributions | \$ 125,500 | \$ 126,500 |
| Investment Income | | |
| Interest on investments | \$ 25,000 | \$ 20,000 |
| Total Investment Income | \$ 25,000 | \$ 20,000 |
| Other Income | | |
| Motor Vehicle re-imbursements | \$ 12,500 | \$ 8,000 |
| Sundry Income | \$ 6,000 | \$ 6,000 |
| Profit on sale of Assets | \$ - | \$ - |
| Total Other Income | \$ 18,500 | \$ 14,000 |
| Total of non Constituent Council Income | \$ 693,200 | \$ 661,500 |
| Total Income | \$ 2,285,305 | \$ 2,270,806 |

| Eastern Health Authority - Funding Statement 2015-2016 | | |
|--|---------------------------------|---------------------|
| Expenditure | Revised Budget December 2014 | Draft Budget |
| Employee Costs | | |
| Salaries & Wages | \$ 1,410,000 | \$ 1,450,000 |
| Superannuation | \$ 125,000 | \$ 118,000 |
| Workers Compensation | \$ 16,000 | \$ 15,000 |
| Employee Leave Expenses | \$ 30,000 | \$ 30,000 |
| Medical Officer Retainer | \$ - | \$ 3,000 |
| Agency Staff | \$ - | \$ - |
| Total Employee Costs | \$ 1,581,000 | \$ 1,616,000 |
| Prescribed Expenses | | |
| Auditing and Accounting | \$ 17,000 | \$ 17,000 |
| Insurance | \$ 26,000 | \$ 26,000 |
| Maintenance | \$ 45,000 | \$ 45,000 |
| Vehicle Leasing/maintenance | \$ 67,000 | \$ 69,000 |
| Total Prescribed Expenses | \$ 155,000 | \$ 157,000 |
| Rent and Plant Leasing | | |
| Electricity | \$ 10,000 | \$ 10,000 |
| Plant Leasing Photocopier | \$ 5,700 | \$ 5,700 |
| Plant Leasing Computer | \$ - | \$ - |
| Rent | \$ 94,000 | \$ 101,000 |
| Water | \$ - | \$ - |
| Gas | \$ 2,000 | \$ 2,500 |
| Total Rent and Plant Leasing | \$ 111,700 | \$ 119,200 |
| IT Licensing and Support | | |
| IT Licences | \$ 10,000 | \$ 15,000 |
| IT Support | \$ 18,000 | \$ 30,000 |
| Internet | \$ 2,000 | \$ 2,000 |
| IT Other | \$ 2,000 | \$ 2,000 |
| Total IT Licensing and Support | \$ 32,000 | \$ 49,000 |
| Administration | | |
| Administration Sundry | \$ 7,000 | \$ 7,000 |
| Accreditation Fees | \$ 3,000 | \$ 4,000 |
| Board of Management | \$ 19,000 | \$ 16,000 |
| Bank Charges | \$ 3,000 | \$ 3,000 |
| Public Health Sundry | \$ 5,000 | \$ 5,000 |
| Fringe Benefits Tax | \$ 18,000 | \$ 15,000 |
| Health promotion | \$ 5,000 | \$ 5,000 |
| Legal | \$ 20,000 | \$ 20,000 |
| Printing & Stationery & Postage | \$ 30,000 | \$ 30,000 |
| Telephone | \$ 15,000 | \$ 15,000 |
| Occupational Health & Safety | \$ 2,000 | \$ 2,000 |
| Rodenticide | \$ 2,000 | \$ 2,000 |
| Staff Amenities | \$ 7,000 | \$ 7,000 |
| Staff Training | \$ 22,000 | \$ 22,000 |
| Human Resource / Organisational Development | \$ 14,000 | \$ 16,000 |
| Total Administration | \$ 172,000 | \$ 169,000 |

| Eastern Health Authority - Funding Statement 2015-2016 (Cont.) | | |
|---|---|---------------------|
| Expenditure | Revised Budget December 2014 | Draft Budget |
| Immunisation | | |
| Immunisation SBP Consumables | \$ 9,500 | \$ 8,000 |
| Immunisation clinic vaccines | \$ 48,000 | \$ 30,000 |
| Immunisation worksite vaccines | \$ 14,000 | \$ 15,000 |
| Total Immunisation | \$ 71,500 | \$ 53,000 |
| Income protection | | |
| Income Protection | \$ 16,000 | \$ 16,000 |
| Total Uniforms/Income protection | \$ 16,000 | \$ 16,000 |
| Sampling | | |
| Legionella Testing | \$ 11,000 | \$ 12,000 |
| Food Sampling | \$ 1,000 | \$ 1,000 |
| Total Sampling | \$ 12,000 | \$ 13,000 |
| New Initiatives | | |
| Regional Public Health Plan | \$ 15,500 | \$ - |
| Total New Initiatives | \$ 15,500 | \$ - |
| Constituent Council Distribution | | |
| Constituent Council Distribution | \$ - | \$ 200,000 |
| Total Constituent Council Distribution | \$ - | \$ 200,000 |
| Total Materials, contracts and other expenses | \$ 585,700 | \$ 776,200 |
| Total Operating Expenditure | \$ 2,166,700 | \$ 2,392,200 |
| Finance Charges | \$ 25,237 | \$ 22,672 |
| Depreciation, amortisation and impairment | \$ 80,851 | \$ 80,851 |
| Total Expenditure | \$ 2,272,788 | \$ 2,495,723 |
| Total Income | \$ 2,285,305 | \$ 2,270,806 |
| Net Surplus/Defecit | \$ 12,517 | \$ (224,917) |
| Depreciation Add Back | \$ 80,851 | \$ 80,851 |
| Loans Received | \$ - | \$ - |
| Capital Expenditure - plant and Equipment | \$ - | \$ - |
| Capital Expenditure - Office Fit-out | \$ - | \$ - |
| Loan Repayments | \$ (53,368) | \$ (55,934) |
| Cash Result | \$ 40,000 | \$ (200,000) |

5.2 FIRST ATTENDANCE OF AUDITOR FOR EXTERNAL AUDIT MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2015

Author: Michael Livori

Ref: AF15/6

Summary

Correspondence relating to the first audit attendance in relation to the External Audit for the financial year ending 30 June 2015 has been received from Eastern Health Authority's (EHA) external auditors Dean Newbery and Partners.

Report

At the first audit attendance the auditor's key areas of focus were:

- accounts Payable transaction testing and review of internal controls
- a review of outstanding Accounts Receivable and Accounts Payable balances
- sample testing of the collection and processing of revenue received
- general Ledger control account reconciliations

There were no matters identified to date which would have an adverse impact on the audit opinion to be issued for the current financial year.

A summary of the key matters brought to the attention of EHA as a result of work completed is detailed below (correspondence and report provided as attachment 1).

1. Recovery of Outstanding Receivables

Auditors Comments

Our Review of the Receivables Reconciliation summary report as at the 31 December 2014 revealed that 79% of total outstanding receivables have been outstanding for over 90 days.

We acknowledge the work that has been undertaken in monitoring and investigating these balances by the Administration to collect outstanding amounts owed. We will continue to monitor this matter during future audit attendances.

Administration Comments

It should be noted that 84% of the receivables outstanding for over 90 days relate to fines and penalties which are being managed by the Courts Administration Authority. EHA's administration therefore has no direct control over these receivables.

2. Accounts Payable Transaction Testing

Auditors Comments

We conducted sampled transaction testing of paid invoices relating to the 2014/15 financial year and matched payment details generated through

the Authorities MYOB accounting software system to ensure the following was correctly undertaken

- *the invoice was correctly addresses to the Authority*
- *GST was costed to the correct accounts within the Authority's General Ledger*
- *General Ledger coding of the paid invoice was accurately performed*
- *invoices were authorised for payment by an employee with suitably sufficient delegated authority*
- *payments processed through MYOB were matched to back the Authority's bank statements to ensure the amounts reported within MYOB was the actual amount paid*

We are pleased to note that there were no material variances or matters identified as a result of our sample testing undertake.

Further sample transaction testing will be carried out during future audit attendances before the 2014/15 year audit is complete.

3. Bank Reconciliations

Auditors Comments

To further enhance the effectiveness and strength of the internal control environment, we recommend that the Bank Reconciliations are manually signed off by the employee that performed the reconciliation.

We note that in making this recommendation, our testing the Bank Reconciliation did not identify any discrepancies or areas of concern.

Administration Comments

Bank reconciliation is now signed off by employee performing reconciliation.

4. End of Financial Year Processes

To improve the efficiency of the production of the end of financial year financial statements and associated working papers, we recommend that the Authority's Audit Committee be engaged and consulted on the development of a formal timetable that outlines key milestones and required information to be prepared/provided for the preparation of the annual financial statements.

Administration Comments

The timeline detailed below has been developed in consultation with Ian McDonald, Creative Auditing and Dean Newbery & Partners as requested.

| Responsibility of: | Date Due: | Details of Task |
|----------------------------------|-----------------------|---|
| EHA | May 2015 | Coalface Software - Order and Download |
| EHA | 29/6/2015 | Payroll process for pay period 13/6/2015-26/6/2015 |
| EHA | 1/7/2015-10/7/2015 | <ul style="list-style-type: none"> • Reconcile Bank SA Cheque Account & Visa Credit Card • Preparation of April – June 2015 BAS • Reconcile LGFA Investment Account • Coalface download software (Ian to advise of information to be entered by EHA) • MYOB – Change of process for Leave entitlements • Preparation of Payment Summary for all staff • Prepare summaries/updates as at 30/6/15: <ul style="list-style-type: none"> ○ Motor Vehicle Leases (D14/7728) ○ Employee Benefits (D15/5203) ○ Assets Register (D14/8038) ○ Details of Contracts (D14/7721) ○ Interest Accrued (LGFA Statement-obtain Audit Certificate from LGFA re Debenture Loans as at 30/06/2015) ○ Accrued Expenses ○ Payroll Accrued Expenditure ○ Cash Float Reconciliation |
| EHA | July 2015 | Prepare Following Letters: Solicitors Representation Letter to 30/6/2015 Prepare Certification of Auditor Independence Prepare Management Representation Letter |
| Ian McDonald – Creative Auditing | 13/7/2015 – 14/7/2015 | 2 Days for preparation of the End of Year Financial Statements for EHA To include Cash flow workings for preparation of Cash Flow Statement Match LSL Current and Non Current Liabilities to Trial Balance |
| Ian McDonald – Creative Auditing | 17/7/2015 | Completion of Financial Statement and working papers by Creative Auditing. |

| Responsibility of (cont.): | Date Due: | Details of Task (cont.) |
|-----------------------------------|----------------------|---|
| Ian McDonald – Creative Auditing | 17/7/2015 | Copy of financials to be sent to auditors before the audit attendance for preliminary review. |
| Dean Newbery & Partners | 23/7/2015-24/7/2015 | Dean Newberry to attend EHA Office for Balance Day Audit. Audit testing to be undertaken which includes, but is not limited to, reviewing supporting documentation to substantiate the account balances within the Statement of Financial Position as at 30 June 2015, transaction testing relating to revenue and expenditure transactions throughout the year ended 30 June 2015 and analytical review audit procedures. |
| Ian McDonald – Creative Auditing | 24/7/2015 | 9.00am - Ian to attend EHA regarding any queries from Auditors. |
| Dean Newbery & Partners | 29/7/2015 | Deadline for Audit Committee agenda. |
| EHA | 5/8/2015 | Audit Committee Meeting report to be distributed. |
| Audit Committee Meeting | 12/8/2015 at 5.30pm | Audit Committee to consider audited Financial Statements. |
| EHA | 19/08/2015 | Board report to be distributed. |
| EHA | 26/08/2015 at 6.30pm | Board of Management Meeting. Board to consider Audited Financial Statements. |
| EHA | 27/08/2015 | Copy of Financial Statements to CEOs of all Constituent Councils. |
| Dean Newbery & Partners | 30/09/15 | Date final audit is required to be issued to the Chair of EHA. |

5. Review of Authority'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.

Administration Comments

Approval for a budget variation was granted in the Third and Final Budget Review considered by the Board of Management at its meeting held on 29 April 2015 to fund accounting support to assist with the review and assessment process.

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.

RECOMMENDATION

That:

The report regarding the first attendance in relation to the External Audit Management Report for the year ending 30 June 2015 is received.

External Audit Management Report

Financial Year Ended 30 June 2015

April 2015

Eastern Health Authority Inc.



eastern health authority

Office:
214 Melbourne Street
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13 April 2015

Cr. Sue Whittington
Chairperson
Eastern Health Authority
PO Box 275
STEPNEY SA 5069

Dear Councillor Whittington

Re: External Audit Management Report – Financial Year Ending 30 June 2015

Our audit team recently completed the first audit attendance of the 2014/15 financial year audit at the Eastern Health Authority Inc. (the Authority) offices.

The key areas of audit focus and sample transaction testing during the audit attendance were as follows:

- Accounts Payable transaction testing and a review of internal controls.
- A review of outstanding Accounts Receivable and Accounts Payable balances.
- Sample testing of the collection and processing of revenue received.
- General Ledger control account reconciliations.

Our commentary and audit recommendations arising from our audit attendance are outlined in the attached report for your consideration.

There were no matters identified during the course of our work completed to date which would have an adverse impact on our audit opinion to be issued for the current financial year. Please note that further sample testing and review of the eventual 2014/15 financial statements will need to be completed before our audit opinion is finalised.

I would like to thank the Administration for all the support they provided during the recent audit attendance. If further information is required, please contact me on 8267 4777 or jim@deannewbery.com.au

Yours sincerely

DEAN NEWBERY & PARTNERS


Jim Keogh
Partner

C. Chief Executive Officer
C. Audit Committee

External Audit Management Report – January 2015 Attendance

| Item | Area | Comment and Audit Recommendations |
|------|--------------------------------------|---|
| 1. | Recovery of Outstanding Receivables | <p>Our review of the Receivables Reconciliation Summary report as at the 31 December 2014 revealed that 79% of total outstanding receivables have been outstanding for over 90 days.</p> <p>We acknowledge the work that has been undertaken in monitoring and investigating these balances by the Administration to collect outstanding amounts owed.</p> <p>We will continue to monitor this matter during future audit attendances.</p> |
| 2. | Accounts Payable Transaction Testing | <p>We conducted sampled transaction testing of paid invoices relating to the 2014/15 financial year and matched payment details generated through the Authority's MYOB accounting software system to ensure the following was correctly undertaken:</p> <ul style="list-style-type: none"> ▪ The invoice was correctly addressed to the Authority ▪ GST was coded to the correct accounts within the Authority's General Ledger ▪ General Ledger coding of the paid invoice was accurately performed ▪ Invoices were authorised for payment by an employee with suitably sufficient delegated authority ▪ Payments processed through MYOB were matched to back the Authority's bank statements to ensure the amounts reported within MYOB was the actual amount paid <p>We are pleased to note that there were no material variances or matters identified as a result of our sample testing undertaken.</p> <p>Further sample transaction testing will be carried out during future audit attendances before the 2014/15 year audit is completed.</p> |
| 3. | Bank Reconciliations | <p>To further enhance the effectiveness and strength of the internal control environment, we recommend that the Bank Reconciliations are manually signed off by the employee that performed the reconciliation.</p> <p>We note that in making this recommendation, our testing of the Bank Reconciliations did not identify any discrepancies or areas of concern.</p> |
| 4. | End of Financial Year Processes | <p>To improve the efficiency of the production of the end of financial year financial statements and associated working papers, we recommend that the Authority's Audit Committee be engaged and consulted on the development of a formal timetable that outlines key milestones and required information to be prepared/provided for the preparation of the annual financial statements.</p> |



External Audit Management Report – January 2015 Attendance

| Item | Area | Comment and Audit Recommendations |
|------|---|---|
| 5. | Review of Authority's Internal Controls | <p>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 <i>Local Government Act 1999</i>, 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 <i>Better Practice Model – Internal Financial Controls</i>.</p> <p>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.</p> |

Risk Matrix

The risk ratings provided in this report are based on the assessed risk assessment undertaken on the potential consequences and likelihood of occurrence of an internal control breakdown or event based on the matters raised above.

| Likelihood | 5. (Almost Certain) | 4. (Highly Likely) | 3. (Possible) | 2. (Unlikely) | 1. (Rare) |
|--------------------|---------------------|--------------------|---------------|---------------|-----------|
| | 5. (Almost Certain) | 4. (Highly Likely) | 3. (Possible) | 2. (Unlikely) | 1. (Rare) |
| | 5. (Almost Certain) | 4. (Highly Likely) | 3. (Possible) | 2. (Unlikely) | 1. (Rare) |
| | 5. (Almost Certain) | 4. (Highly Likely) | 3. (Possible) | 2. (Unlikely) | 1. (Rare) |
| | 5. (Almost Certain) | 4. (Highly Likely) | 3. (Possible) | 2. (Unlikely) | 1. (Rare) |
| Consequence | | | | | |
| 1. (Insignificant) | | | | | |
| 2. (Minor) | | | | | |
| 3. (Moderate) | | | | | |
| 4. (Major) | | | | | |
| 5. (Critical) | | | | | |

Legend

| |
|---------------|
| Extreme Risk |
| High Risk |
| Moderate Risk |
| Low Risk |

5.3 RISK AND OPPORTUNITY MANAGEMENT POLICY & FRAMEWORK

Author: Michael Livori
Ref: AF11/329

Summary

The Audit Committee identified the need for a contemporary Risk and Opportunity Management Policy for Eastern Health Authority (EHA). The committee at its meeting held on 18 December 2012 subsequently endorsed a draft policy. The EHA Board of Management (BOM) has not yet adopted the policy. This report is seeking confirmation from the committee that the policy in its current form is presented to the BOM for adoption.

Report

It is important that EHA is pursuing its objectives and fulfilling its responsibilities with due diligence and accountability. To this end EHA must manage its risks in order to protect its employees, assets, liabilities and Constituent Councils against potential losses. Managing risks also assists in minimising uncertainty in achieving EHA goals and objectives and to maximise EHA opportunities.

Risk is defined as 'something happening that may have an impact on the achievement of objectives'. Risk and Opportunity Management is described as the planned and systematic approach used to identify, evaluate and manage the whole range of business risks and opportunities facing the EHA.

To assist in the identification and management of risk relating to EHA a draft Risk and Opportunity Management Policy has been developed. The policy is based on the International Standard for Risk Management (ISO 31000:2009) and is provided as attachment 1.

To complement the policy and to provide a formalised process for identifying and managing risk in a consistent manner, a Risk and Opportunity Management Framework has also been developed. The framework has also followed the principles detailed in the international risk management standard and is provided as attachment 2. The draft policy and framework provide a sound basis on which the organisation can move forward to better manage risks.

RECOMMENDATION

That:

- 1 The Risk and Opportunity Management Policy and Framework Report is received.
- 2 The Risk and Opportunity Management Policy and Framework marked as attachment 1 to the Risk and Opportunity Management Policy Report dated 20 May 2015 is endorsed.

- 3 The Eastern Health Authority Board of Management adopt the Risk and Opportunity Management Policy and Framework as detailed at attachment 1.



Risk and Opportunity Management Policy

| | |
|------------------------------------|---|
| Policy Reference | EHA POL #:2015 |
| Date of Adoption | 24 June 2015 |
| Minutes Reference | #:2015 |
| Review Date | 24 June 2015 |
| Next Review Date | June 2017 |
| <i>Relevant Document Reference</i> | AS/NZS ISO 31000:2009 International Risk Management Standard Risk and Opportunity Management Framework Occupational Health, Safety & Welfare (OHS&W) and Injury Management Policy Procurement and Acquisition Policy Governance Framework (To be developed) Treasury Management Policy (To be developed) |

1. Purpose

The aim of this policy is to provide management with a formalised process for identifying and managing risk in a consistent manner.

This policy provides minimum standards for management of risks within Eastern Health Authority (EHA) and is to be considered within the context of a positive organisational culture.

2. Scope

This policy applies to all EHA Staff, Board and Committee members in relation to the provision of goods, works and services provided by EHA.

D15/5720 [v1]

This is a version controlled document. The electronic version is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.

3. Definitions

Risk is defined as “...the possibility of something happening that impacts on your objectives. It is the chance to either make a gain or a loss. It is measured in terms of likelihood and consequence.”

Risk and Opportunity Management is described as “the planned and systematic approach used to identify, evaluate and manage the whole range of business risks and opportunities facing EHA”.

4. Principles

EHA understands that the effective management of risk:

- Is an integral part of sound governance and strategic planning
- Applies across all EHA activities
- Is implemented and integrated into EHA through the creation and continuous improvement of a framework
- Improves its ability to deliver services on behalf of its Constituent Councils

5. Policy

5.1 This policy is based on the practices and principles of risk management contained in International Standard AS/ NZS ISO 31000:2009. A Risk and Opportunity Management Framework has been developed in accordance with this Standard, to provide management with a formalised process for identifying and managing risk in a consistent manner.

5.2 EHA is committed to effective risk and opportunity management and this policy seeks to:

- 5.2.1** Add value to all the activities of EHA
- 5.2.2** Assist in achieving EHA's goals and deliver programs and services within a tolerable level of risk
- 5.2.3** Embed risk and opportunity management into all our management activities, critical business systems and processes
- 5.2.4** Ensure all risks are consistently assessed and managed within EHA's risk and opportunity framework
- 5.2.5** Improve our ability to deliver community priorities, services delivery and outcomes for EHA;
- 5.2.6** Maximise opportunities and minimise the impact and likelihood of risk
- 5.2.7** Protect its employees, assets, liabilities and its community by avoiding or mitigating losses
- 5.2.8** Provide greater certainty for our employees, stakeholders and the community in which we operate by understanding and managing our risks.

6. Responsibility

EHA's Board through its Audit Committee has the responsibility to monitor and review all risk management processes. Management has the responsibility for risk management within their program, service or area of responsibility.

7. Review

The policy will be formally reviewed every 24 months or as needed.

8. Statement of Adoption

This policy was adopted by the Board of Management on XXXX XXXXX XXX.



RISK AND OPPORTUNITY MANAGEMENT FRAMEWORK

DRAFT

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1. Introduction

In this time of innovation and change the Eastern Health Authority (EHA) encounters a range of risks that may threaten its ability to meet its objectives and faces some positive opportunities that, if embraced in a considered and constructive manner, will greatly assist in improving service delivery and performance. Risk and opportunity management is about the proactive management of these uncertain events.

This document sets out a Risk and Opportunity Management Framework for EHA. It clearly details the aims, objectives and actions required to deliver a best practice approach to integrating risk & opportunity management into the leadership, business planning, staff culture and operational delivery of all our programs and services, and then to sustain this delivery in an environment of continuous improvement.

The Risk Management Framework should be read in conjunction with the Risk and Opportunity Management Policy. Effective risk and opportunity management will help to ensure the EHA maximises its opportunities and minimises the impact and likelihood of the risks it faces. This will improve our ability to deliver our priorities and improve outcomes for the EHA.

Training will be conducted on the risk and opportunity framework, policy and the new risk management standard. This is critical in ensuring our staff understands how risk and opportunity management can assist them in their daily activities.

2. What is Risk and Opportunity Management?

Risk and Opportunity management describes the planned and systematic approach used to identify, evaluate and manage the whole range of business risks and opportunities facing the EHA.

Risk is defined as 'something happening that may have an impact on the achievement of objectives'. Risk and Opportunity management is described as the planned and systematic approach used to identify, evaluate and manage the whole range of business risks and opportunities. Risk and opportunity management is a central part of any organisation's strategic management. It is the process whereby an organisation's management team methodically address the risks and opportunities attached to their activities with the goal of achieving sustained benefit within their functional activity area.

3. Purpose

The purpose of the Risk and Opportunity Management Framework is to:

- Add value to the activities of the EHA;
- Assist in achieving the EHA's goals and deliver programs and services within an acceptable level of risk;
- Provide staff and management with a systematic and formalised process for identifying and managing risk and opportunity;
- Ensure a consistent approach to risk and opportunity management is adopted across the EHA;
- Ensure risks are identified and effectively managed using appropriate internal controls;

- Allow resource allocation towards risk mitigation strategies to be considered during strategic planning and business plan development;
- Develop an organisational ethos and operating culture which achieves the integration of the risk and opportunity management process into all staff and management activities.

4. Integration of Risk and Opportunity Management in Our Organisation

Risk and Opportunity Management is a core process for the EHA. The organisation's approach is to ensure that the Risk and Opportunity Management Framework integrates with the EHA's Strategic and Business Plan Initiatives and links with key business processes.

5. Integration of Risk and Opportunity Management with Business Processes

5.1 Risk and Opportunity management is not just about the risk assessment process nor is it a standalone discipline. To be effective, Risk and Opportunity Management needs to be aligned with the organisation's existing business processes, governance and decision making structures at the strategic and function area level. This will ensure:

- All Corporate risks are properly identified as part of all management activities and in particular aligned to the annual budget and business planning process, to ensure all resources are allocated to those high risk areas in the budget.
- Controls are in place and working effectively to manage high risk areas at the strategic, operational and function level. Any control weaknesses are identified and actions plans implemented and resourced through the budget process.

6. Roles and Responsibilities

Key responsibilities as they relate to risk and opportunity are:

6.1 The Board will:

- 6.1.1 Review and endorse the EHA's Risk and Opportunity Management Policy.
- 6.1.2 Ensure a Framework is in operation that delivers a consistent approach to risk and opportunity management in the EHA.
- 6.1.3 Review reports from the Audit Committee, management, and the Auditors and monitor that effective risk and opportunity management and controls have been implemented.
- 6.1.4 Perform a high level review of the EHA's risk management activities known as the Corporate Strategic Risk Assessment.

6.2 The CEO will:

- 6.2.1 Implement the Risk and Opportunity Management Policy and Framework across the EHA.
- 6.2.2 Ensure risk and opportunity management is embedded in to all critical functions and activities.
- 6.2.3 Ensure appropriate delegations are in place for staff to undertake risk management activities.

6.3 The Function Managers will:

- 6.3.1 Ensure the adoption and operation of the Framework within their work areas.

- 6.3.2 Promote a proactive risk and opportunity management culture in accordance with business risk management initiatives.
- 6.3.3 Monitor and lead the implementation of risk and opportunity assessments appropriate to their work area in accordance with the framework and ensure that risks are identified and managed in their strategic and business planning and budget review process.
- 6.3.4 Ensure that proposed events and significant projects within their jurisdiction are not approved without a formal risk assessment that effectively identifies and manages risks and opportunities with them.
- 6.3.5 Ensure that risks and opportunities are identified, assessed and managed in accordance with the process outlined in the Framework.
- 6.3.6 Promote a positive risk and opportunity management culture with their staff.

6.4 All Staff Members are to:

- 6.4.1 Understand and apply the risk and opportunity management policy, framework and related procedures.
- 6.4.2 Actively contribute to the management of risks and opportunities within the scope of their work.
- 6.4.3 Report any risks identified to their manager or supervisor in a timely manner.

7. Risk and Opportunity Management Process

The process for managing the EHA's risks is consistent with the International Risk Management Standard ISO 31000:2009. It involves five key steps and additional steps to ensure feedback through a monitoring and review process and appropriate communication and consultation. Opportunities are also undertaken in the following manner.



(ISO 31000:2009)

A 'Risk and Opportunity Management TOOLKIT' that summarises the following risk management process for easy application can be found in Appendix A.

Step 1: Communicate & Consult

Communication and consultation are important elements in each step of the risk and opportunity management process. Effective communication is essential to ensure that those responsible for implementing risk management, and those with a vested interest, understand the basis on which risk management decisions are made and why particular actions are required.

It is important that the communication approach recognises the need to promote risk and opportunity management concepts across all management and staff.

Step 2: Establishing the Context

Establishing the context defines the basic parameters within which risks and opportunities must be managed and sets the scope for the rest of the risk and opportunity management process. The context includes the EHA's external and internal environment.

External Context

Establishing the External Context is not only about considering the external environment, but also includes the relationship or interface between the EHA and its external environment. This may include but is not limited to:

- Business, social, regulatory, cultural, competitive, financial and political environment;
- Community impact;
- Health and Safety;
- Media;
- Legal and Regulatory obligations; and
- External stakeholders/ key third party service providers.

Establishing the external context is important to ensure that stakeholders and their objectives are considered when developing risk and opportunity management criteria and that externally generated threats and opportunities are properly taken into account.

Internal Context

An understanding of the EHA is important prior to undertaking the risk and opportunity management process, regardless of the level. Areas to consider include:

- Culture;
- Strategic Plan Initiatives and Drivers;
- Annual business plan and annual budget;
- Occupational Health and Safety;
- Key performance indicators;
- Governance; and
- Internal stakeholders.

Risk and Opportunity Management Context

The level of detail that will be entered into during the risk and opportunity management process must be considered prior to commencement. The extent and scope of the risk and opportunity management process will depend on the goals and objectives of the EHA activity that is being addressed, as well as the budget that has been allocated to that activity.

In each instance, consideration must also be given to the roles and responsibilities for driving and undertaking the risk management and opportunity process.

Step 3: Identify Risks and Opportunities

The next step in the risk and opportunity management process is to identify the risks to be managed. Comprehensive identification using a well-structured systematic process is critical, because a risk or opportunity not identified at this stage may be excluded from further analysis. Identification should include risks whether or not they are under the control of the EHA.

Key elements of the identification stage are covered in the EHA budget and business planning frameworks, and both have risk and opportunity management incorporated in to the process.

A number of questions should be asked when attempting to identify risks. These include:

- What can happen?
- Where could it happen?
- When could it happen?
- Why would it happen?
- How can it happen?

Answering these questions will assist in the generation of a list of risks and events that may have impact on achieving set objectives and our business plans.

Risk Identification Methods

There are a number of different methods to identify risks, some of which may include:

- Brainstorming sessions with all stakeholders;
- Risk Identification workshops;
- Annual strategic, business planning and budget workshops;
- Checklists developed for similar events/projects/activities; and
- An examination of previous events/projects/activities of this type.

Changes in the external and internal environments of the EHA may present risks and opportunities. Monitoring of such changes can facilitate the early identification of unforeseen risks and opportunities.

Where there are a number of risks identified within a program activity, all identified risks should be documented in the 'Risk and Opportunity Description' column of the 'Risk and Opportunity Assessment Template', which can be found in **Appendix B**.

Step 4: Analyse Risks and Opportunities

Once all risks and opportunities have been identified, the next step of the risk and opportunity management process is to analyse the risks. This step involves considering the controls or mitigating activities already in place that reduce the level of risk or opportunity. These controls or mitigating activities should be identified and documented in 'Existing Controls in place' column of the 'Risk and Opportunity Assessment Template' in Appendix B. Controls may include inspection regimes, policies and procedures in place, defining responsibilities and accountabilities, and monitoring and reviewing processes.

This step also involves analysing the positive and negative **consequences** of the risk or opportunity (ie its impact or magnitude of effect), and the **likelihood** that those consequences may occur (ie its frequency or probability). The consequence and likelihood are rated against established criteria (refer to Appendix A).

Consequence

When scoring the consequence associated with a risk, consideration needs to be given to its impact in terms of:

- Reputation and Public Image;
- Financial/Business Impact;
- Public /Staff Safety/OHS&W;
- Legal/Regulatory.

Likelihood

For the EHA, **likelihood** is rated from "rare" to "almost certain" as indicated in the table below.

| Likelihood Rating | Qualitative Description | Quantitative Description |
|-------------------|---|--|
| 1. Almost Certain | Is expected to occur in most circumstances | Occurs more than once per year |
| 2. Likely | Will probably occur in most circumstances | Occurs at least once per year |
| 3. Possible | Might occur at some time | Has occurred at least once in the history of EHA |
| 4. Unlikely | Could occur at some time | Has never occurred at EHA but has infrequently occurred at other similar organisations |
| 5. Rare | May occur only in exceptional circumstances | Is possible but has never occurred at EHA or other similar organisations |

All *existing* controls identified should be documented in the 'Controls in place' column of the 'Risk and Opportunity Assessment Template', which can be found in Appendix B.

All risk and opportunity ratings should be documented in the 'Consequence' and 'Likelihood' columns of the 'Risk Assessment Template', which can be found in Appendix B.

Step 5: Evaluate Risks and Opportunities

The next step in the risk and opportunity management process is the evaluation of risks and opportunities. The purpose of this step is to establish an initial risk or opportunity rating based on the consequence and likelihood levels identified in *Step 4: Analyse risks*.

Risk and Opportunity Impact Matrix

The initial risk and opportunity rating for each risk is calculated by plotting the likelihood and consequence response scores on the Risk Impact Matrix (refer below) to give a risk rating of Extreme, High, Moderate or Low. This rating provides a measure of the level of risk and will identify the risks and opportunity that require further treatment in *Step 6: Treat risks*.

| Consequence Likelihood | | Insignificant | Minor | Moderate | Major | Catastrophic |
|---|---|---------------|----------|----------|----------|--------------|
| | | 1 | 2 | 3 | 4 | 5 |
| Almost Certain | E | Moderate | High | High | Extreme | Extreme |
| Likely | D | Moderate | Moderate | High | High | Extreme |
| Possible | C | Low | Moderate | Moderate | High | Extreme |
| Unlikely | B | Low | Moderate | Moderate | High | High |
| Rare | A | Low | Low | Moderate | Moderate | High |

Action Required

The Risk Ratings allocated to risks in the previous step are evaluated against predefined criteria to determine who needs to be made aware and the priority for mitigation or exploitation.

Rated risks are evaluated based on their Level of Risk.

| Level of Risk | Action Required |
|---------------|--|
| Extreme | Immediate action required by the CEO with detailed planning, allocation of resources and regular monitoring. Additional controls required to be implemented to reduce the level of risk. |
| High | Immediate attention required by the CEO to determine response. Additional controls required to be implemented to reduce the level of risk. |
| Moderate | Risks may be accepted by the Functional Area Managers. Ongoing review and monitoring required. Existing controls may be adequate. |
| Low | Risk is acceptable. Manage by existing controls. |

The risk and opportunity rating should be documented in the 'Rating' column of the 'Risk Assessment Template'.

Step 6: Treat Risks and Opportunities

The next step of the risk and opportunity management process involves identifying a range of options for treating risks, evaluating the options and developing additional controls for implementation.

Selecting the most appropriate option involves balancing the costs of implementing each option against the benefits derived from it. It is important to consider all direct and indirect costs and benefits.

The objective is not to eliminate all risk or opportunities but rather to ensure that the risk or opportunity is maintained at a tolerable level in a cost effective manner.

It should also be recognised that the risk treatment itself may introduce new risks or opportunities that need to be identified, assessed, treated and monitored.

Risks

There are four possible treatment options for risks:

- Terminate
- Transfer
- **Mitigate**
- Tolerate

Each treatment option must be monitored and reported to ensure that the Level of Risk is decreasing and lowering the risk.

Treatment Options

| | |
|-----------|--|
| Terminate | Remove the asset or service completely so as to eliminate the risk altogether |
| Transfer | Allocate risk to a third party, such as through the purchase of insurance |
| Mitigate | Implement additional controls to reduce or remove the risk. This may include the establishment of some policy or process |
| Tolerate | Accept the risk and take no action other than continual monitoring |

Where **mitigation** is chosen “Additional Controls” required should be updated to the “Risk and Opportunity Assessment Template” (Appendix B). Each additional control to be implemented should then be prioritized. This number can be recorded in the ‘Priority’ column of the ‘Risk Assessment Template’.

The following two columns of ‘Responsibility’ and ‘Timeframe’ should then be completed to indicate the staff member responsible for ensuring the additional controls are implemented in the specified timeframes.

Where the **other treatment options** are chosen the rationale for not mitigating the risks and opportunities should be documented to demonstrate the completeness of evaluation undertaken. Eg. Tolerate controls as not cost effective to implement additional controls.

Step 7: Monitoring and Review (Refer Section 8: Risk Reporting Requirements)

Risk and opportunity management is a dynamic process. New risks and opportunities will be identified and some will be removed or will be no longer valid. The assessments of likelihood and consequence will need to be reviewed, particularly in the light of the management actions undertaken and contingency arrangements will need to be updated in response to changing internal and external events.

In particular, any risks rated ‘Extreme’ or ‘High’ should be monitored on a regular basis to ensure that the rating assigned, controls identified, and treatment plans established remain valid.

8. Risk Reporting

Once the various risks across the organisation have been assessed and captured in the Risk Register, they need to be reported on as part of “Step 7: Monitor and Review of the Risk and Opportunity Management Framework”.

The audiences of the Risk and Opportunity Management Reporting include:

| Audience | Focus |
|-----------------------|---|
| CEO | All High/Extreme risk ratings from Function Area Risk Plans. New and emerging strategic risks and all other risks with a High and / or Extreme risk rating. External Audit results. |
| Board/Audit Committee | Corporate Risk Report New and emerging strategic risks with a High/ Extreme risk rating. Full Finance report including budgets vs actual. Financial Audit Progress Report. |

8.1 Reporting to the CEO

| Report & Description | Prepared By | Frequency |
|--|------------------------|------------------------|
| All High & Extreme Risks: This report lists all risks identified and rated as High or Extreme obtained from the day to day operational activities of the Function Area risk assessments. <i>Progress against this report should be monitored monthly by the CEO.</i> | Function Area Managers | Annually & as required |
| Strategic New & Emerging Risk Report: The Strategic New & Emerging Risk Report reports on all <i>nonstandard operational risks</i> that may emerge within the EHA through its various operations and activities that are either strategic in nature or have been assessed as having a High or Extreme risk rating. | Function Area Managers | As required |
| Progress Report on external audit recommendations The report should outline a summary of the audit findings of the external auditors undertaken and the actions, responsibilities and timeframes to address the findings. | Function Area Manager | Every quarter |

8.3 Reporting to the Board/Audit Committee

| Report & Description | Prepared By | Frequency |
|---|-------------|------------------------|
| <p>Corporate Strategic Risks Report:</p> <p>This Report is produced annually following the Business Planning, Budget and Function Area Risk Assessment process and can be reproduced at any time throughout the year, as required by the Board.</p> <p>This report lists all risks identified as being strategic risks in nature or have been rated as High or Extreme.</p> <p><i>Progress against this report should be monitored annually by the Board.</i></p> | CEO | Annually & As required |
| <p>Strategic New & Emerging Risks Report:</p> <p>This reports on all nonstandard or operational risks that may emerge within the EHA through its various operations and activities that are either strategic in nature or have been assessed as having a High or Extreme risk rating.</p> | CEO | As required |

9. Risk and Opportunity Management Tools and References

9.1 Operational/Function Area Risk Management

All standard risk assessments conducted on everyday activities and programs of the EHA can be documented in the tools described in Section 7: Risk and Opportunity Management Process. The tools highlighted in the explanation of this process are as follows:

- Appendix A – Risk and Opportunity Management TOOLKIT
- Appendix B – Risk and Opportunity Assessment Template
- Appendix C – Consequence Table

9.2 Business Planning and Budgeting Risk Review

The annual budget and business planning review process will provide comprehensive information on the key risks and opportunities facing the EHA at a corporate level. The risk and opportunity review undertaken at the Operational/Function Area level should feed into this process. This review will be undertaken in conjunction with the Managers and will result in the identification of risks and opportunities that are common across a number of Function Areas.

9.3 Strategic and Capital Projects

A risk and opportunity assessment should be undertaken as part of any strategic or capital project. The CEO and/or Function Area Managers are required to identify and assess any risks as a result of significant changes/projects. These risks and opportunities are to be included in any project management plans and any operational plans of the function areas.

Appendix A

- Risk and Opportunity Management TOOLKIT

DRAFT

1. Risk and Opportunity Management Defined

Risk and Opportunity management describes the planned and systematic approach used to identify, evaluate and manage the whole range of business risks and opportunities facing the EHA.

Risk and Opportunity Management does not mean that risks can be prevented or avoided completely. Rather it enables the EHA to reduce the impact of risk to an acceptable level, be informed with our decision making, and to make contingency arrangements.

2. So what is a risk?

Risk is anything that can prevent the EHA from achieving its objectives. Risk is inherent in all our activities and we need to be continuously managing risks and opportunities using a formal systematic process of identifying, evaluating, treating, monitoring and communicating risks associated with any activity, function or process.

The level of risk relates to the likelihood of something happening (ie its frequency or probability) and the potential consequences (ie its impact or magnitude of effect). The level of risk is influenced by any controls, or measures, currently in place to minimise the likelihood of the occurrence or its consequences.

3. Risk and Opportunity Impact Matrix

Risk is measured in terms of consequence and likelihood.

| <i>Consequence</i> <i>Likelihood</i> | | Insignificant | Minor | Moderate | Major | Catastrophic |
|---|---|----------------------|--------------|-----------------|--------------|---------------------|
| | | 1 | 2 | 3 | 4 | 5 |
| Almost Certain | E | Moderate | High | High | Extreme | Extreme |
| Likely | D | Moderate | Moderate | High | High | Extreme |
| Possible | C | Low | Moderate | Moderate | High | Extreme |
| Unlikely | B | Low | Moderate | Moderate | High | High |
| Rare | A | Low | Low | Moderate | Moderate | High |

4. Likelihood

The level of possibility that the EHA could be exposed to risk.

| Likelihood Rating | Qualitative Description | Quantitative Description |
|--------------------|---|---|
| E - Almost Certain | Is expected to occur in most circumstances | Occurs more than once per year |
| D - Likely | Will probably occur in most circumstances | Occurs at least once per year |
| C - Possible | Might occur at some time | Has occurred at least once in the history of the EHA |
| B - Unlikely | Could occur at some time | Has never occurred at the EHA but has infrequently occurred at other similar organisations. |
| A - Rare | May occur only in exceptional circumstances | Is possible but has never occurred at the EHA or other similar organisations |

5. Risk and Opportunity Assessment Template and Process

The risk and opportunity assessment template contained in Appendix B is to be used to document risk and the controls to be put in place to manage the risks to a tolerable level. The key focus of the risk assessment template is to focus on the key actions and timeframes that are allocated to manage the risk to an acceptable level for the EHA. A focus on the high and extreme risks allows for the actions to be directed towards the areas that require the most urgent attention.

6. Monitoring

The risks identified utilising the risk and opportunity assessment review template need to be updated on a regular basis. The assessments of likelihood and consequence will need to be reviewed, particularly in the light of the management actions undertaken and contingency arrangements will need to be updated in response to changing internal and external events. This should be undertaken as part of the regular review of business planning and projects undertaken within the EHA.

Appendix B

- Risk and Opportunity Assessment Template

Provided to capture risk and opportunity assessments undertaken

Risk and Opportunity Assessment**[Function Area/ Activity]**Created By: Date Created:

Please refer to the Risk and Opportunity Management Reference Sheet (Appendix A) for further information in relation to Risk Ratings

| Ref | Risk and Opportunity Description | Existing Controls in place | Consequence | Likelihood | Rating | Additional Controls to be put in place | Consequence | Likelihood | Revised Rating | Priority | Responsibility | Timeframe |
|-----|----------------------------------|----------------------------|-------------|------------|--------|--|-------------|------------|----------------|----------|----------------|-----------|
| | | | | | | | | | | | | |
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Appendix C

- Consequence Table

| Impact Scale | Reputation & Public Image | Financial/Business Impact | Public/Staff Safety/OHS&W | Legal/Regulatory |
|-------------------------|--|---|---|---|
| 1. Insignificant | <ul style="list-style-type: none"> No adverse effect on public image Insignificant level of community concern Negligible adverse impact upon social health and well being of the community which has little or no impact upon established community relationships and links | <ul style="list-style-type: none"> Low financial loss – impact of less than \$2k Small delays in undertaking routine needs or tasks for ½ day. | <ul style="list-style-type: none"> No injuries or no significant injuries Negligible loss or damage to property / infrastructure | <ul style="list-style-type: none"> Minor encroachment on legislation/standard Rectify internally |
| 2. Minor | <ul style="list-style-type: none"> Minor adverse effect on public image Minor level of community concern Minor adverse impact upon social health & well being of the community that may have a minor impact upon established community relationships & links. | <ul style="list-style-type: none"> Medium financial loss – impact of between \$2k and \$10k Minor impact in undertaking routine needs or tasks for 1 day | <ul style="list-style-type: none"> First aid treatment required resulting in lost time (> 1day) Minor loss or infrastructure damage | <ul style="list-style-type: none"> Minor legal, regulatory or internal policy failure and/or non compliance No penalties, warning only Insurance claim |
| 3. Moderate | <ul style="list-style-type: none"> Moderate adverse effect on public image Moderate level of community concern Social health and well being of the community affected by moderately reduced opportunities for participation in community life and/or decision making, moderate incidences of increased isolation etc. | <ul style="list-style-type: none"> High financial loss – impact of between \$10,000 and \$50,000 Capability / production impaired, moderate impact on stakeholders & routine needs or tasks for 1 – 3 days. Minor legal issues, non compliances and breaches of regulation | <ul style="list-style-type: none"> Medical treatment required Moderate loss/or infrastructure damage | <ul style="list-style-type: none"> Moderate legal, regulatory or internal policy failure and/or non compliance Minor penalties under the Act Bad publicity |
| 4. Major | <ul style="list-style-type: none"> Major adverse effect on public image Significant level of community concern Social health and well being of the community seriously affected by major community unrest and/or significant breakdown of established community relationships and links. | <ul style="list-style-type: none"> Major financial loss - impact of \$50,000 or more Loss of capability, disruption to production, major impact on stakeholders & routine needs or tasks for 3 – 5 days. Serious breach of regulation with investigation or report to authority with prosecution and/or moderate fine possible | <ul style="list-style-type: none"> Serious & extensive injuries requiring hospitalisation/ rehabilitation Serious structural damage to infrastructure or serious loss of assets | <ul style="list-style-type: none"> Major legal, regulatory or internal policy failure and/or non compliance Non-compliance with service quality standard Cease operation |
| 5. Catastrophic | <ul style="list-style-type: none"> Huge effect on public image Community outrage Social health & well being of the community hugely affected by major community unrest and/or significant breakdown of established community relationships & links. | <ul style="list-style-type: none"> Huge financial loss/exposure – impact greater than \$500,000 Projects & programs failure, inability to meet minimum acceptable standards, most objectives not met Major breaches of regulation, major litigation | <ul style="list-style-type: none"> Fatality Critical loss, irreversible damage property / infrastructure | <ul style="list-style-type: none"> Critical legal, regulatory or internal policy failure and/or non compliance Staff / Board / Board Committee Member jailed |

5.4 CASH MANAGEMENT

Author: Michael Livori
Ref: AF15/9

Summary

This report is to provide the Audit Committee with the rationale for the decision to provide Constituent Councils with a cash distribution in the 2015/2016 Budget and to confirm the amount of cash levels Eastern Health Authority (EHA) requires for operating purposes.

Report

Clause 1.9 of the 2009 Charter details the Powers and Functions of EHA.

These powers include:

- 1.9.9 accumulating surplus funds for investment purposes; and
- 1.9.10 investing any of the funds of EHA in any investment authorised by the Trustee Act 1936 or with the Local Government Finance Authority of South Australia provided that:
 - 1.9.10.1 in exercising this power of investment EHA must exercise the care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons; and
 - 1.9.10.2 EHA must avoid investments that are speculative or hazardous in nature.

A modest amount of surplus funds are retained by EHA in the form of an accumulated surplus to ensure it has appropriate cash flows.

Any surplus funds retained by EHA on behalf of its Constituent Councils are recognised by each council in its own balance sheet in the proportion that it contributes to ongoing operations.

The revised 2015 budget estimates that at year-end the accumulated surplus will be \$415,509.

The accumulated surplus has increased to this level from \$191,382 in 2012 due to surplus results in 2013 (\$86,913) and 2014 (\$124,697).

The surplus in 2012 and 2013 was largely the result of employee costs being less than budgeted. A senior staff member was paid through the Local Government income protection scheme for a 2 year period (and not replaced during this time) and there were also other periods where replacing staff took longer than anticipated.

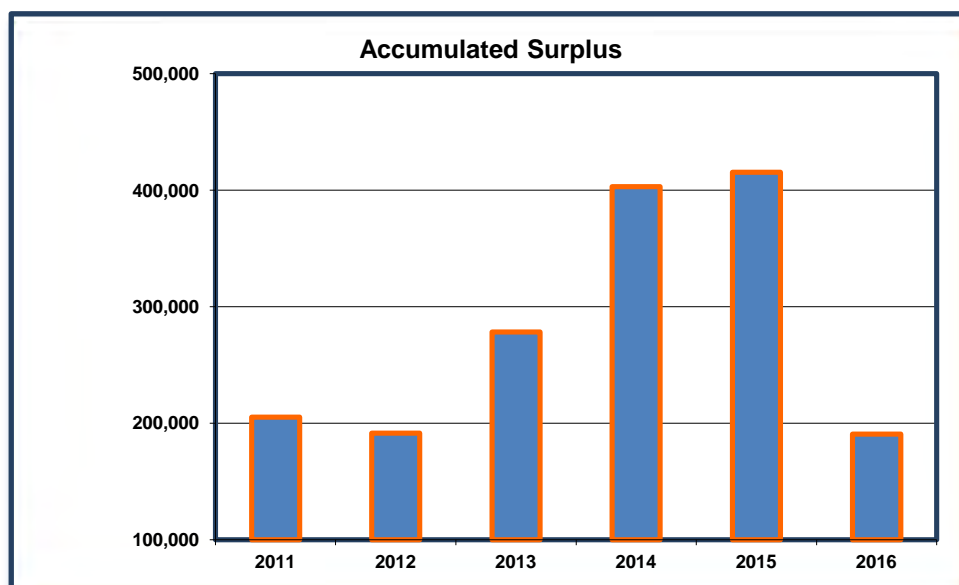
In light of the surplus results, a cash distribution to Constituent Councils of \$200,000 has been budgeted in 2016. The proportion of the distribution provided to each council will be based on the proportion that it contributes

to ongoing operations. This contribution is determined by using a formula detailed within the Charter.

Recent correspondence from City of Prospect (attachment 1) has queried the level of cash held by EHA. The following information relates to the management of cash levels at EHA to ensure ongoing operations can be maintained.

Level of Accumulated Surplus

The Graph below illustrates the level of equity retained by EHA (on behalf of its Constituent Councils) in the form of an Accumulated Surplus over recent years. The level of equity is estimated to be \$190,592 at the end of the 2016 financial year.



Maintaining Operating Capital

The Financial Sustainability Program Information Paper 15 – Treasury Management states that *“council’s overall financing requirements should be met by a combination of fixed and variable interest rates borrowings for differing maturities and/or the utilisation of other cash resources, depending on the ebb and flow of Council’s cash resources.”* In this context, it discourages the use of reserves.

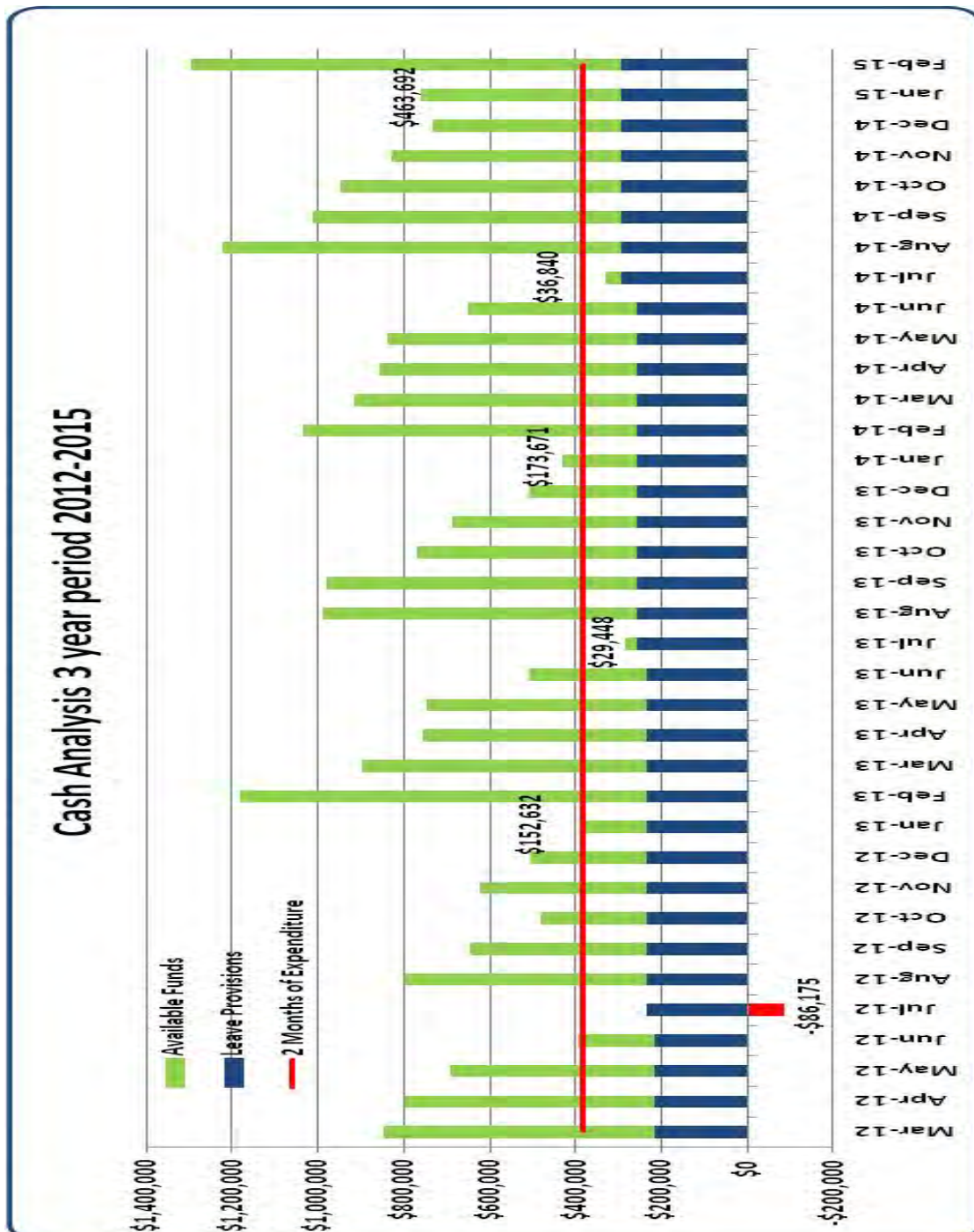
EHA currently does not have any borrowing facilities enabling access to cash. Its only borrowing is a 10-year loan for the financing of the fit out of its current office facilities. Cash and cash equivalents are its only means of managing its finances.

Working Capital Requirements

The Annual operating expenditure of EHA for 2016 is estimated to be \$2,295,723. Therefore, EHA requires working capital of \$191,310 a month to pay salaries and other operating costs.

Total annual Constituent Council contributions for 2016 are \$1,609,305, being \$134,108 a month. These contributions are payable six monthly in advance in January and July of each year.

The graph below provides an analysis of cash movements for a 3-year period from March 2012 to February 2015.



The graph demonstrates the following:

- total level of cash on hand
- amount of cash on hand required for leave provisions (blue)
- amount of “Available Funds” – (total cash minus GST liability and leave provisions (green)
- a trend line indicating 2 months of operational expenditure.

Observations that can be made from the graph include:

- the cyclical nature of cash levels.
- July and January are generally the months when cash levels are run down to their lowest prior to payments from constituent councils
- cash levels rise significantly in August and February when 6 monthly payments from constituent councils are received
- July of each year is the most critical month in terms of cash levels

Due to the cyclical nature of the cash flows, there will be times when EHA carries significant levels of cash. Councils who may not have a complete understanding of the nature of EHA cash flows have queried these levels and the reason EHA carries this level of cash at times.

As an example, in February 2013 there was \$1,180,660 cash on hand. By July 2013 however cash on hand was reduced to \$285,124. Of this cash on hand, only \$29,448 could be considered “available funds” as \$255,675 was allocated to leave provisions.

In July of 2012, available funds were negative \$86,175. Actual cash on hand was \$146,472 which is equivalent to 22 days operating expenditure. This level of available cash is not desirable and should be avoided in the future.

The cash position has improved in recent times due to the surplus results of 2012 and 2013 detailed previously. Due to this improvement, a collective figure of \$200,000 has been budgeted to be provided to Constituent Councils as a distribution.

This distribution will reduce the levels of cash on hand at EHA back to levels held in 2013. Cash levels will need to be monitored so that two months of expenditure are available and the July 2012 result is not repeated.

Section 22 of Schedule 2 of the Local Government Act 1999 states;

- (2) The board of management of a regional subsidiary must ensure as far as practicable
 - (c) that the constituent councils are advised, as soon as practicable, of any material development that affects the financial or operating capacity of the subsidiary or gives rise to the expectation that the subsidiary may not be able to meet its debts as and when they fall due.

If EHA reduces cash levels to the extent that it does not have a reasonable safeguard (two months operating expenditure is the measure used) when cash is predicted to be at its lowest (July of each year) it

would be necessary to put in place an overdraft facility to ensure it had the ability to pay its operating costs.

Emergency Programs

EHA is charged with the responsibility for public health within the Constituent Council areas and there may be occasions where emergency health programs will require delivery before specific budget approval can be obtained.

This is referred to in Section 25 of Schedule 2 of the Local Government Act 1999;

“(4) A subsidiary may incur, for a purpose of genuine emergency or hardship, spending that is not authorised by its budget.”

If EHA had significantly reduced cash available at critical times it would be necessary to put in place an overdraft facility to ensure it had the ability to deal with emergency situations in a timely manner.

Local Government Finance Authority (LGFA) Overdraft Facility

Previous enquiries have been made with the LGFA in relation to the ability of the Eastern Health Authority to arrange an overdraft facility of approximately \$350,000 to \$400,000. The LGFA has indicated that it would be possible for a facility to be arranged which was guaranteed by the Constituent Councils. The LGFA advised that an additional risk premium of up to 0.25% would apply to the facility but questioned the need to arrange such a small overdraft.

In summary it is recommended that two months operating expenditure be the target minimum cash on hand at EHA and that this is continuously monitored.

RECOMMENDATION

That:

1. The Cash Management Report is received.
2. The Audit Committee endorse the cash management strategy detailed in the report.
3. A copy of the report is provided to Constituent Council's Audit Committees.



13 November 2014

RECEIVED
14 NOV 2014

Mr M Livori
Chief Executive Officer
Eastern Health Authority
PO Box 275
Stepney SA 5069

BY:

Dear Michael

Thank you for your recent letter and furnishing of Eastern Health Authorities Financial Statements for the year ending 30 June 2014.

The financial statements were presented to the Audit Committee of City of Prospect on 20 October 2014 and recommended to Council 28 October 2014. Subsequently Council resolved the following;

- (1) Council notes the Audited Annual Financial Statements of the Eastern Health Authority for the year ended 30 June 2014.*
- (2) Council writes to EHA for consideration of redistribution of surplus cash to member Councils.*

Accordingly, I am now writing to the Authority to request consideration to be made by the Authority to the redistribution of any surplus cash to member Councils.

The committee makes this request from reading the financial statements and not finding any obvious commitment reported within the statements requiring the level of cash held at the reporting date.

Should a reason exist, I ask that an explanation be made available for the Council's consideration.

Regards,

Chris Birch
Manager Financial Services

5.5 Whistleblowers Protection Policy

Author: Michael Livori
Ref: AF11/329

Summary

Eastern Health Authority (EHA) is committed to being an organisation of excellence and encourages the disclosure of public interest information by Elected Members, council officers and members of the public.

EHA has developed a Whistleblowers Protection Policy to encourage and detail how disclosures relating to public interest information are handled and to ensure EHA's responsibilities are fulfilled in accordance with the Whistleblowers Protection Act 1993.

Report

The Whistleblower Protection Policy describes how a person can make a disclosure, under the Whistleblowers Protection Act 1993 (the Act), about misconduct, maladministration or corrupt activity by a public officer.

The policy encourages and facilitates disclosures of public interest information which may include occurrences of maladministration and waste within EHA and corrupt or illegal conduct in general, so that internal controls may be strengthened.

It also provides a process by which disclosures may be made so that they are properly investigated and appropriate protection for those who make disclosures in accordance with the Act.

The policy recognises the need to appropriately support the Whistleblower, the Responsible Officer and, as appropriate, those Public Officers affected by any allegation.

The Chief Executive Officer of EHA is the Responsible Officer for EHA for the purpose of the Act.

The Whistleblower Protection Policy is provided as attachment 1 to this report for consideration and endorsement.

RECOMMENDATION

That:

1. The report regarding the Whistleblowers Protection Policy is received.
2. The Whistleblowers Protection Policy marked as attachment 1 to the Whistleblowers Protection Policy Report dated 20 May 2015 is endorsed.
3. The Eastern Health Authority Board of Management adopt the Whistleblowers Protection Policy.



Whistleblowers Protection Policy

| | |
|-----------------------------|------------------------------------|
| Policy Reference | EHA POL #:2015 |
| Date of Adoption | 24 June 2015 |
| Minutes Reference | #:2015 |
| Next Review Date | June 2017 |
| Relevant Document Reference | Whistleblowers Protection Act 1993 |

1. Purpose

Eastern Health Authority (EHA) provides the Whistleblowers Protection Policy (the Policy) to ensure that its responsibilities under the Whistleblowers Protection Act 1993 (the Act) are properly fulfilled.

The Policy encourages and facilitates the disclosures of Public Interest Information occurring in EHA so that internal controls and procedures can be strengthened and to ensure that the organisation's resources are efficiently applied towards the achievement of EHAs objectives.

2. Scope

This policy applies to Appropriate Disclosures of Public Interest Information made under the Act by or about Elected Members, Council Employees, Board Members and employees of a subsidiary of the Council, members of EHA Committee and members of the public.

This Policy is made pursuant to Section 132A of the Local Government Act 1999 and Act. It is intended to complement the reporting framework under the ICAC (Independent Commissioner Against Corruption) Act 2012.

3. Principles

EHA will maintain an appropriate framework to allow Elected Members, Employees, Board Members and members of the public to provide information to EHA consistent and in accordance with the Act.

EHA is committed to investigating all appropriate disclosures of Public Interest Information in a confidential manner in accordance with the Act and taking appropriate action or if appropriate by referring the matter to the appropriate authority. Where a disclosure relates to corruption it will be reported directly to the OPI (Officer for Public Integrity) in accordance with procedures required by

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the ICAC Directions and Guidelines. A report of Misconduct or Maladministration may be made to OPI where it relates to a reasonable suspicion of serious or systemic misconduct and/or maladministration it will be reported to OPI unless a Disclosure of the same matter has already been reported to the Ombudsman.

EHA will take action as appropriate to investigate all appropriate Disclosures of Public Interest Information in a manner that promotes fair and objective treatment of those involved, and will protect informants from victimisation and ensure that they are not subjected to intimidation or discrimination.

EHA is committed to rectifying any substantiated wrongdoing to the extent practicable in the circumstances.

4. Definitions

Definitions for the purpose of this Policy are:

Appropriate Authority may include

- a Minister of the Crown;
- a member of the police force – where the information relates to an illegal activity
- the auditor-General – where the information relates to a public officer
- the ombudsman – where the information relates to a public officer
- a responsibility of a Local Government body; or
- any other person to whom, in the circumstances of the case, it is reasonable and appropriate to make the disclosure.

Appropriate Disclosure

is made by a person where that person does so in accordance with Section 5 of the Act.

Corruption

refers to Corruption as defined under Part 7 Division 4 (Offences relating to public officers) of the Criminal Law Consolidation Act 1935, or any other offence including an offence against Part 5 (Offences of Dishonesty) of the Criminal Law Consolidation Act 1935 committed by:

- a public officer while acting in their capacity as a public officer or
- by a former public officer and related to their former capacity as a public officer or
- by a person before becoming a public officer and related to their capacity as a public officer or
- an attempt to commit such an offence

ICAC Directions and Guidelines

means the Directions and Guidelines as available on the ICAC website (www.icac.sa.gov.au)

Informant:

means any person who makes an Appropriate Disclosure of Public Interest Information in accordance with the Act.

Maladministration

has the same definition as set out in Section 4 of the Act.

Public Interest Information

have the same definitions as set out in Section 4 of the Act.

Public Officer

includes an Elected Member or an officer or employee of EHA.

Responsible Officer

is a person who is authorised to receive and act upon information forwarded from Informants.

5. Policy

5.1 Responsible Officer

The Chief Executive Officer is the responsible Officer for the purpose of the Act.

5.2 Disclosure Process

Any person wishing to make a disclosure to the Responsible Officer under the Act can do so by following means:

In person by approaching the Chief Executive Officer at EHA's office at 101 Payneham Road, St Peters.

In writing addressed to:

PRIVATE AND CONFIDENTIAL
Whistleblowers Responsible Officer
Eastern Health Authority
PO Box 275
Stepney SA 5069

By telephone on: 8132 3611

Alternatively, a person may choose to make a disclosure of Public Interest Information directly to an Appropriate Authority.

In the case of a person disclosing information about or relating to the Chief Executive Officer, the disclosure should be in writing addressed to:

Confidential
Chairperson of the Board of Management
Eastern Health Authority
PO Box 275
Stepney SA 5069

D14/10620[v2]

This is a version controlled document. The electronic version is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.

5.3 Confidentiality

The identity of an Informant will be kept confidential as required by the Act unless the consent of that person is obtained to divulge their identity or disclosure of their identity is otherwise required to investigate the matter.

If an informant wishes to remain anonymous EHA will investigate the Appropriate Disclosure of Public Interest information to the extent possible whilst keeping the Informant's identity to be divulged but only so far as may be necessary to ensure that the matter to which the information relates is properly investigated.

5.4 Notification

Where an Appropriate Disclosure of Public Interest Information has been made, the Responsible Officer will notify the person about whom the information concerns of the disclosure (but not the identity of the informant unless the Informant consents or unless otherwise provided for in the Whistleblowers Protection Act) and the investigation.

Where an appropriate Disclosure of Public Interest Information concerns the Chief Executive Officer, the Chairperson of EHA will notify the Chief Executive Officer of the disclosure (but not the identity of the informant unless the Informant consents or unless otherwise provided for in the Act) and the investigation.

Where Appropriate Disclosure of Public Interest Information has been made, the Responsible Officer will notify the person about whom the information concerns of the disclosure (but not the identity of the Informant unless the Informant consents or unless otherwise provided for in the Act) and the investigation.

The Act requires the Informant to assist with any investigation resulting from the disclosure.

The person about whom the information concerns will be afforded natural justice throughout the Investigation process.

5.5 Investigation

The investigation will be undertaken by a suitably qualified and experienced independent person appointed by the Responsible Officer. All Appropriate Disclosures of a serious or criminal nature will be reported to the police or other appropriate authority.

The independent investigator will carry out an investigation of the matter. The investigator will have consideration of EHA's investigation objectives which are to:

- investigate the substance disclosure
- collate information relating to the allegation(s)
- maintain sufficient records/notes/records of conversation
- consider the information collected and draw conclusions objectively and impartially
- act in accordance with the principals of natural justice; and
- make recommendations arising from any conclusion.

5.6 Reporting

All appropriate Disclosures made pursuant to the Whistleblowers Protection Act and the outcome of investigations will be reported to the Chief Executive Officer or, where the disclosure relates to information concerning the Chief Executive Office, to the Chairperson of EHA.

5.7 False Disclosure

A person who makes a disclosure of false public interest information knowing it to be false or being reckless about whether it is false is guilty of an offence under the Whistleblowers Protection Act.

An employee who makes a disclosure of false public interest information knowing it to be false or being reckless about whether it is false, in addition to being guilty of an offence, may face disciplinary action in accordance with the disciplinary process provisions of the current Workplace Agreements.

An elected Member who makes a disclosure of false public interest information knowing it to be false or being reckless about whether it is false, in addition to being guilty of an offence, may incur remedial action pursuant to the Council's Code of Conduct for Elected Members.

5.8 Supported Responsible Officers

Responsible Officers are to attend training in accordance with the requirements of the Local Government Act 1999.

6. Review of the Whistleblowers Policy

It is the responsibility of the Chief Executive Officer to monitor the adequacy of the policy and recommend appropriate changes.

The policy will be formally reviewed every 24 months or as needed.

7. Statement of Adoption

The policy was adopted by the Board of the Eastern Health Authority on XXXX XXXXX XXX