



Audit Committee Meeting

18 August 2021



local councils working together to protect the health of the community



**EASTERN HEALTH AUTHORITY
AUDIT COMMITTEE MEETING**

WEDNESDAY 18 August 2021

Notice is hereby given that a meeting of the Audit Committee of Eastern Health Authority will be held at EHA's offices at **101 Payneham Road, St Peters** on Wednesday 18 August 2021 commencing at 5.00 pm.

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

**MICHAEL LIVORI
CHIEF EXECUTIVE OFFICER**



AGENDA

EASTERN HEALTH AUTHORITY AUDIT COMMITTEE MEETING

WEDNESDAY 18 August 2021
Commencing at 5.00 pm

1	Opening	
2	Apologies	
3	Presiding Member's Remarks	
4	Confirmation of previous Minutes	
5	Reports	
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6 Closure of meeting

5.1 DRAFT GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Author: Michael Livori

Ref: AF21/41

Summary

This report presents the draft General Purpose Financial Statements for the year ended 30 June 2021 (the statements) for review by the Audit Committee (the Committee).

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

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

Report

The draft of the statements for the year ending 30 June 2021 have been prepared in accordance with the Local Government (Financial Management) Regulations 2011, Australian Accounting Standards and the South Australian Model Financial Statements for 2021. They reflect the operations of EHA between the period 1 July 2020 and 30 June 2021. EHA is reporting a \$90,365 Operating Surplus for 2020-2021 compared to a \$13,401 deficit in 2019-2020.

A copy of EHA General Purpose Financial Report for the year ending 30 June 2021 is provided as attachment 1 to this report.

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

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

The external auditors conducted a remote balance date audit and final audit through August 2021. The 2021 statements presented as part of this report are based on the draft provided to the external auditors. Some minor amendments may be required to be made prior to the meeting date and the results will continue to be refined until final audit sign-off. Any significant disclosure or presentation issues identified by the external auditors will be presented as an update at this committee meeting by David Francis who will be in attendance.

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

- the external auditor be advised that the Committee is satisfied that the draft statements present fairly the state of affairs of the organisation
- the final audited statements be presented to the Board of Management, and
- the Chair of the Committee, Chief Executive Officer of EHA and each Constituent Council sign a statement to certify the independence of the external auditors.

A copy of the Audit Completion report has been received and is provided as attachment 3. There are no current year matters that the Auditors have included in their report and the auditors intend to issue an unmodified audit opinion over the financial report of Eastern Health Authority.

Subsequent to the outcomes of the Committee's review at this meeting a final draft of the 2021 statements will be prepared for presentation to the Board of Management at its 8 September 2021 meeting.

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

Differences when comparing 2020 and 2021 Financial Statements

A full comparison of the 2020 and 2021 audited financial results is provided as attachment 2.

Commentary in relation to material differences (where applicable) is provided in the table below.

Statement of Comprehensive Income				
	2020/2021	2019/2020	Variation	Commentary
Income				
Statutory Charges	150,625	72,447	78,178	Increase in food inspection income and expiations issued
User Charges	236,151	330,134	(93,983)	Finalisation of Immunisation contract with City of Unley
Expenses				
Materials, contracts and other expenses	509,065	594,507	(85,442)	Reduced expenditure on clinic vaccines, IT Licences and other GL lines.
Finance Costs	48,445	56,305	(7,860)	Change in Finance/Interest proportional application for loan
Net Surplus/(Deficit)	90,365	(13,401)	103,766	

Statement of Financial Position				
	2020/2021	2019/2020	Variation	Commentary
Total Current Assets	971,797	876,960	94,837	Increase in cash and receivables at year end.
Total Non-Current Assets	1,300,714	1,491,511	(190,797)	Decrease due to application of AAASB Standard 16 Leases – value of leased assets
Total Current Liabilities	648,864	727,655	(78,791)	Reduction in outstanding Borrowings
Total Non-Current Liabilities	1,058,403	1,165,937	(107,534)	Reduction in outstanding Borrowings
Net Assets	565,244	474,879	90,365	Income Statement result
Statement of Cash Flows				
Net Cash Provided / (used) by Operating Activities	253,598	180,738	72,860	See Note 7
Net (Decrease) in cash held	61,586	(21,962)	83,548	See Note 7
Cash and cash equivalents at end of period	782,896	721,310	61,586	See Note 7
Statement of Changes in Equity				
Accumulated Surplus Balance at end of Period	565,244	474,879	90,365	Income Statement result
Total Equity Balance at end of Period	565,244	474,879	90,365	Income Statement result

RECOMMENDATION

That:

1. The Draft General Purpose Financial Statements for the Year ending 30 June 2021 Report is noted.
2. The Committee is satisfied that the 2020/2021 draft statements present fairly the state of affairs of the organisation.
3. The 2020/2021 final audited statements are presented to the Board of Management.
4. The Chair of the Audit Committee is authorised to sign a statement to certify the independence of the external auditors.

Eastern Health Authority
General Purpose Financial Reports
for the year ended 30 June 2021

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**Eastern Health Authority
Annual Financial Statements
for the year ended 30 June 2021**

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Authority to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2021 and the results of its operations and cash flows for the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.

.....
Michael Livori
CHIEF EXECUTIVE OFFICER

.....
Peter Cornish
**CHAIRPERSON
BOARD OF MANAGEMENT**

Date:

Eastern Health Authority
Statement of Comprehensive Income
for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
INCOME			
Council contributions	2	1,821,865	1,803,571
Statutory charges	2	150,625	72,447
User charges	2	236,151	330,134
Grants, subsidies and contributions	2	256,514	245,618
Investment income	2	4,901	8,183
Other income	2	4,549	4,031
Total Income		2,474,605	2,463,984
EXPENSES			
Employee costs	3	1,635,933	1,636,215
Materials, contracts & other expenses	3	509,065	594,507
Depreciation, amortisation & impairment	3	190,797	190,358
Finance costs	3	48,445	56,305
Total Expenses		2,384,240	2,477,385
OPERATING SURPLUS / (DEFICIT)		90,365	(13,401)
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		90,365	(13,401)
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		90,365	(13,401)

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

Eastern Health Authority
Statement of Financial Position
as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	782,896	721,310
Trade & other receivables	4	188,901	155,650
Total Current Assets		<u>971,797</u>	<u>876,960</u>
Non-current Assets			
Infrastructure, property, plant & equipment	5	1,300,714	1,491,511
Total Non-current Assets		<u>1,300,714</u>	<u>1,491,511</u>
Total Assets		<u>2,272,511</u>	<u>2,368,471</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	6	163,940	157,719
Borrowings	6	177,021	262,051
Provisions	6	307,903	307,885
Total Current Liabilities		<u>648,864</u>	<u>727,655</u>
Non-current Liabilities			
Borrowings	6	1,036,687	1,143,669
Provisions	6	21,716	22,268
Total Non-current Liabilities		<u>1,058,403</u>	<u>1,165,937</u>
Total Liabilities		<u>1,707,267</u>	<u>1,893,592</u>
NET ASSETS		<u>565,244</u>	<u>474,879</u>
EQUITY			
Accumulated Surplus	Notes	2021 \$	2020 \$
		565,244	474,879
TOTAL EQUITY		<u>565,244</u>	<u>474,879</u>

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

Eastern Health Authority
Statement of Changes in Equity
for the year ended 30 June 2021

		Acc'd Surplus	TOTAL EQUITY
2021	Notes	\$	\$
Balance at end of previous reporting period		474,879	474,879
Net Surplus / (Deficit) for Year		90,365	90,365
Balance at end of period		565,244	565,244
2020	Notes	\$	\$
Balance at end of previous reporting period		488,280	488,280
Net Surplus / (Deficit) for Year		(13,401)	(13,401)
Balance at end of period		474,879	474,879

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

Eastern Health Authority
Statement of Cash Flows
for the year ended 30 June 2021

		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	\$	\$
Receipts:			
Council Contributions		1,821,865	1,983,928
Statutory charges		150,625	72,447
User charges		227,736	373,345
Investment receipts		5,757	7,234
Grants utilised for operating purposes		256,514	245,618
Other revenues		4,549	4,031
Payments:			
Employee costs		(1,637,628)	(1,645,676)
Materials, contracts & other expenses		(525,832)	(802,416)
Finance payments		(49,988)	(57,773)
Net Cash provided by Operating Activities		253,598	180,738
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments:			
Expenditure on renewal/replacement of assets		-	(24,677)
Net Cash used in Investing Activities		-	(24,677)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments:			
Repayments of borrowings		(70,732)	(67,488)
Repayment of principal portion of lease liabilities		(121,280)	(110,535)
Net Cash used in Financing Activities		(192,012)	(178,023)
Net Increase (Decrease) in cash held		61,586	(21,962)
Cash & cash equivalents at beginning of period	7	721,310	743,272
Cash & cash equivalents at end of period	7	782,896	721,310

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

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

2 The Local Government Reporting Entity

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

3 Income recognition

3.1 Revenue

The Authority recognises revenue under AASB 1058 Income of Not-for-Profit Entities (AASB 1058) or AASB 15 Revenue from Contracts with Customers (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Authority expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the Authority to acquire or construct a recognisable non-financial asset that is to be controlled by the Authority. In this case, the Authority recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

4 Cash, Cash Equivalents and Other Financial Instruments

4.1 Cash, Cash Equivalent Assets

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

5 Property, Plant & Equipment

5.1 Initial Recognition

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

5.2 Materiality

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

5.3 Depreciation of Non-Current Assets

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

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

Major depreciation periods for each class of asset are shown in Note 5.

5.4 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Authority were deprived thereof, are not subject to impairment testing.

Other assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

6 Payables

6.1 Goods & Services

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

7 Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

8 Provisions

8.1 Employee Benefits

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

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

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

Superannuation:

The Authority makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Authority's involvement with the schemes are reported in Note 12.

9 Leases

The Authority assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Authority as a lessee:

The Authority recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Authority recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 5.4 - Impairment above.

ii) Lease liabilities

At the commencement date of the lease, the Authority recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Authority uses its incremental borrowing rate or the interest rate implicit in the lease.

iii) Short-term leases and leases of low-value

The Authority applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

10 GST Implications

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

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

11 New and amended standards and interpretations

The Authority applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. New standards and amendments relevant to the Authority are listed below. The Authority has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to AASB 101 and AASB 108 Definition of Material:

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Authority.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 2 - INCOME

	Notes	2021 \$	2020 \$
COUNCIL CONTRIBUTIONS			
City of Burnside		438,131	437,022
Campbelltown City Council		452,548	426,994
City of Norwood, Payneham & St Peters		586,308	559,954
City of Prospect		210,656	230,650
Town of Walkerville		103,032	102,500
Public Health Plan/Service Review (equal constituent share)		31,190	46,451
		<u>1,821,865</u>	<u>1,803,571</u>
STATUTORY CHARGES			
Inspection Fees: Food		91,852	53,213
Inspection Fees: Legionella		10,665	8,603
SRF Licences		3,255	1,520
Fines / expiation fees		44,853	9,111
		<u>150,625</u>	<u>72,447</u>
USER CHARGES			
Immunisation: Clinic Vaccines		62,086	87,341
Immunisation: Worksite Vaccines		96,879	98,799
Food Auditing		77,186	84,428
City of Unley		-	59,566
		<u>236,151</u>	<u>330,134</u>
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		4,901	8,183
		<u>4,901</u>	<u>8,183</u>
OTHER INCOME			
Motor Vehicle Reimbursements		3,705	1,627
Sundry		844	2,404
		<u>4,549</u>	<u>4,031</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Other grants, subsidies and contributions			
Immunisation: School Programme		180,024	220,308
Immunisation: ACIR		21,860	25,310
Immunisation: PHN Project		54,630	-
		<u>256,514</u>	<u>245,618</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 3 - EXPENSE

	Notes	2021 \$	2020 \$
EMPLOYEE COSTS			
Salaries and Wages		1,434,514	1,453,727
Employee leave expense		35,942	9,091
Superannuation - defined contribution plan contributions	11	128,218	124,020
Superannuation - defined benefit plan contributions	11	16,100	12,212
Workers' Compensation Insurance		17,050	18,441
Other - Agency staff and Consultant Medical Officer		4,109	18,724
Total Operating Employee Costs		1,635,933	1,636,215
Total Number of Employees		18	15
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		8,000	7,494
Bad and Doubtful Debts		-	1,227
Governance expenses		4,158	11,144
Lease Expenses - short term leases	10	3,769	6,000
Subtotal - Prescribed Expenses		15,927	25,865
<u>Other Materials, Contracts & Expenses</u>			
Accounting		8,848	5,473
Contractors		26,065	26,466
Energy		9,066	10,808
Fringe benefits tax		14,272	12,447
Human Resources		7,573	18,983
Income protection		18,355	24,177
Insurance		29,245	28,817
IT licencing & support		119,736	161,608
Legal Expenses		28,646	13,605
Motor vehicle expenses		15,399	14,250
Parts, accessories & consumables		143,529	181,373
Printing & stationery		21,155	15,088
Staff training		6,924	6,843
Sundry		24,149	21,889
Telephone		14,414	18,923
Work health & safety consultancy		5,761	7,892
Subtotal - Other Materials, Contracts & Expenses		493,138	568,642
		509,065	594,507

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 3 - EXPENSE cont.

		2021	2020
	Notes	\$	\$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		23,642	23,642
Office Equipment, Furniture & Fittings		15,877	20,271
Right of Use Assets	10	151,278	146,445
		<u>190,797</u>	<u>190,358</u>
FINANCE COSTS			
Interest on Loans		6,332	9,650
Interest on Leases		42,113	46,655
		<u>48,445</u>	<u>56,305</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 4 - CURRENT ASSETS

	Notes	2021 \$	2020 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		405,770	168,947
Deposits at Call		<u>377,126</u>	<u>552,363</u>
		<u>782,896</u>	<u>721,310</u>
TRADE & OTHER RECEIVABLES			
Accrued Revenues		93	949
Debtors - general		163,116	154,701
Prepayments		<u>25,692</u>	<u>-</u>
Total		<u>188,901</u>	<u>155,650</u>
Less: Allowance for Doubtful Debts		<u>-</u>	<u>-</u>
		<u>188,901</u>	<u>155,650</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 5 - PROPERTY, PLANT & EQUIPMENT (PP&E)

	2020				2021			
	\$				\$			
Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Buildings & Other Structures	-	472,846	(211,970)	260,876	-	472,846	(235,612)	237,234
Office Equipment, Furniture & Fittings	-	264,186	(220,106)	44,080	-	264,186	(235,983)	28,203
Right of Use Assets	-	1,333,000	(146,445)	1,186,555	-	1,333,000	(297,723)	1,035,277
Total PP&E	-	2,070,032	(578,521)	1,491,511	-	2,070,032	(769,318)	1,300,714
Comparatives		712,355	(388,163)	324,192	-	2,070,032	(578,521)	1,491,511

This Note continues on the following pages.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 5 - PROPERTY, PLANT & EQUIPMENT

	2020	Carrying amount movement during year					2021	
	\$	Net Adjust AASB 16	Additions		Disposals	Dep'n	Impair't	Carrying Amount
	Carrying Amount		New / Upgrade	Renewals				
Buildings & Other Structures	260,876	-	-	-	(23,642)	-	237,234	
Office Equipment, Furniture & Fittings	44,080	-	-	-	(15,877)	-	28,203	
Right of Use Assets	1,186,555	-	-	-	(151,278)	-	1,035,277	
Total PP&E	1,491,511	-	-	-	(190,797)	-	1,300,714	
Comparatives	324,192	1,333,000		24,677		(190,358)	1,491,511	

This note continues on the following pages.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 6 - LIABILITIES

	Notes	2021		2020	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		122,323		108,316	
Accrued expenses - employee entitlements		38,575		39,736	
Accrued expenses - other		2,451		3,994	
GST Payable		591		5,673	
		<u>163,940</u>	<u>-</u>	<u>157,719</u>	<u>-</u>
BORROWINGS					
Loans		74,132	38,391	70,732	112,523
Leases Liabilities	10	102,889	998,296	191,319	1,031,146
		<u>177,021</u>	<u>1,036,687</u>	<u>262,051</u>	<u>1,143,669</u>
<i>All interest bearing liabilities are secured over the future revenues of the Authority.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		307,903	21,716	307,885	22,268
		<u>307,903</u>	<u>21,716</u>	<u>307,885</u>	<u>22,268</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 7 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2021	2020
		\$	\$
Total cash & equivalent assets	4	<u>782,896</u>	<u>721,310</u>
Balances per Cash Flow Statement		<u>782,896</u>	<u>721,310</u>

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

Net Surplus (Deficit)		90,365	(13,401)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		190,797	190,358
Net increase (decrease) in unpaid employee benefits		<u>(1,695)</u>	<u>(9,461)</u>
		279,467	167,496
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(33,251)	12,550
Net increase (decrease) in trade & other payables		<u>7,382</u>	<u>692</u>
Net Cash provided by operations		<u>253,598</u>	<u>180,738</u>

(c) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Corporate Credit Cards	5,000	5,000
------------------------	--------------	-------

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 8 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned</p> <p>Terms & conditions: Deposits are returning fixed interest rates 0.30% (2020: 0.45%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Fees & other charges	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authority's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: initially recognised at fair value and subsequently at amortised cost, interest is charged as an expense using the effective interest rate</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable; interest is charged at fixed rates between 4.75% (2020: 4% and 5%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 16 as stated in note 10</p>

Eastern Health Authority

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2021**

Note 8 - FINANCIAL INSTRUMENTS (cont.)

Liquidity Analysis

2021	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Cash & Equivalents	782,896			782,896	782,896
Receivables	163,209	-	-	163,209	163,209
Total	946,105	-	-	946,105	946,105
<u>Financial Liabilities</u>					
Payables	122,914	-	-	122,914	122,914
Current Borrowings	74,132	-	-	74,132	74,132
Lease Liabilities	102,889	330,236	668,060	1,101,185	1,101,185
Non-Current Borrowings	-	38,391	-	38,391	38,391
Total	299,935	368,627	668,060	1,336,622	1,336,622
2020	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Cash & Equivalents	721,310			721,310	721,310
Receivables	155,650	-	-	155,650	155,650
Total	876,960	-	-	876,960	876,960
<u>Financial Liabilities</u>					
Payables	157,719	-	-	157,719	157,719
Current Borrowings	70,732	-	-	70,732	70,732
Lease Liabilities	121,280	386,361	714,824	1,222,465	1,222,465
Non-Current Borrowings	-	112,523	-	112,523	112,523
Total	349,731	498,884	714,824	1,563,439	1,563,439

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

	30 June 2021		30 June 2020	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Fixed Interest Rates	4.75	122,523	4.75	183,255
		<u>122,523</u>		<u>183,255</u>

**Eastern Health Authority
Notes to and forming part of the Financial Statements**

for the year ended 30 June 2021**Note 8 - FINANCIAL INSTRUMENTS (cont.)****Net Fair Value**

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

Risk Exposures:

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any impairment. All Authority investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Authority's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Authority's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Authority also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Authority has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 9 - UNIFORM PRESENTATION OF FINANCES

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

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

The arrangements ensure that all Authorities provide a common 'core' of financial information, which enables meaningful comparisons of each Authority's finances

	2021	2020
	\$	\$
Income	2,474,605	2,463,984
Expenses	<u>(2,384,240)</u>	<u>(2,477,385)</u>
Operating Surplus / (Deficit)	90,365	(13,401)
 Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	-	(24,677)
Add back Depreciation, Amortisation and Impairment	190,797	190,358
	190,797	165,681
 Net Lending / (Borrowing) for Financial Year	 <u>281,162</u>	 <u>152,280</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 10 - LEASES

Authority as a Lessee

Right of Use Asset

Set out below are the carrying amounts (written down value) of right of use assets recognised within Property, Plant & Equipment

Carrying Value	Building & Structures	Motor Vehicles	Total
At 1 July 2020	1,104,000	82,555	1,186,555
Depreciation Charge	(96,000)	(55,278)	(151,278)
At 30 June 2021	1,008,000	27,277	1,035,277

Set out below are the carrying amounts of lease liabilities (including under interest bearing loans and borrowings) and the movements during the period:

	2021	2020
Opening Balance	1,222,465	1,333,000
Payments	(191,319)	(110,535)
Closing Balance	1,031,146	1,222,465
Current	102,889	191,319
Non Current	998,296	1,031,146

The maturity analysis of lease liabilities is included in note 8

The following are amounts recognised on profit or loss:

Depreciation expense right of use asset	151,278	146,445
Interest expense on lease liabilities	42,113	46,655
Expenses relating to short term leases	3,769	6,000
Total amount recognised in profit and loss	197,160	199,100

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 11 – SUPERANNUATION

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2019-20; 9.50% in 2020-21). No further liability accrues to the Authority as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Authority makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2019-20) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), Authority does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Authority's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 12 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingencies, asset or liabilities not recognised in the financial statements for the year ended 30 June 2021.

Note 13 – EVENTS OCCURRING AFTER REPORTING DATE

There are no events subsequent to 30 June 2021 that need to be disclosed in the financial statements.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 14 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of EHA include the Chairperson, Board Members, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, the Key Management Personnel were paid the following total compensation:

	2021	2020
	\$	\$
Salaries, allowances & other short term benefits	180,314	182,847
TOTAL	180,314	182,847

Amounts received from Related Parties during the financial year:

	2021	2020
	\$	\$
City of Burnside	438,131	437,022
Campbelltown City Council	452,548	426,994
City of Norwood, Payneham & St Peters	586,308	559,954
City of Prospect	210,656	230,650
Town of Walkerville	103,032	102,500
Public Health Plan/Service Review (equal constituent share)	31,190	46,451
TOTAL	1,821,865	1,803,571

Amounts paid to Related Parties during the financial year:

	2021	2020
	\$	\$
City of Norwood, Payneham & St Peters	108,739	106,978
TOTAL	108,739	106,978

Description of Services provided to all related parties above:

Assist the Constituent Councils to meet their legislative responsibilities in accordance with the SA Public Health Act 2011, the Food Act 2001 (SA), the Supported Residential Facilities Act 1992 (SA), the Expiation of Offences Act 1996 (SA), (or any successor legislation to these Acts) and any other legislation regulating similar matters that the Constituent Councils determine is appropriate within the purposes of EHA; Take action to preserve, protect and promote public and environmental health within the area of the Constituent Councils.

[Insert Audit Report]

**Eastern Health Authority
Annual Financial Statements
for the year ended 30 June 2021**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2021, the Authority's Auditor, Bentleys SA Audit Partnership, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

.....
Michael Livori
CHIEF EXECUTIVE OFFICER

.....
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date:

[Insert Audit Certificate of Audit Independence]



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2021, the Auditor, Bentleys SA Audit Partnership, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and *the Local Government (Financial Management) Regulations 2011* made under that Act.

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

.....
Michael Livori
CHIEF EXECUTIVE OFFICER

.....
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date:



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by Eastern Health Authority (EHA) to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of EHA’s financial position at 30 June 2019 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Council’s financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council’s accounting and other records.

.....
Michael Livori
CHIEF EXECUTIVE OFFICER

.....
Cr Peter Cornish
CHAIRPERSON
EHA BOARD OF MANAGEMENT

Date:

EASTERN HEALTH AUTHORITY STATEMENT OF COMPREHENSIVE INCOME COMPARISON OF AUDITED RESULTS TO PREVIOUS YEARS RESULTS FOR THE YEAR ENDING 30 JUNE 2021				
	AUDITED RESULT 2020/2021	ACTUAL 2019/2020	Variation from 2019/2020	Variation from 2019/2020
INCOME			\$	%
Council Contributions	1,790,675	1,757,120	33,555	1.9%
Public Health Plan / Service Review Contributions	31,190	46,451	(15,261)	-48.9%
Statutory Charges	150,625	72,447	78,178	51.9%
User Charges	236,151	330,134	(93,983)	-39.8%
Grants, subsidies and contributions	256,514	245,618	10,896	4.2%
Investment Income	4,901	8,183	(3,282)	-67.0%
Other Income	4,549	4,031	518	11.4%
TOTAL INCOME	2,474,605	2,463,984	10,621	0.4%
EXPENSES				
Employee Costs	1,635,933	1,636,215	(282)	0.0%
Materials, contracts and other expenses	509,065	594,507	(85,442)	-16.8%
Finance Charges	48,445	56,305	(7,860)	-16.2%
Depreciation	190,797	190,358	439	0.2%
TOTAL EXPENSES	2,384,240	2,477,385	(93,145)	-3.9%
Operating Surplus/(Deficit)	90,365	(13,401)	103,766	
Net gain (loss) on disposal of assets	-	-		
Net Surplus/(Deficit)	90,365	(13,401)	103,766	
Total Comprehensive Income	90,365	(13,401)	103,766	

EASTERN HEALTH AUTHORITY STATEMENT OF CASH FLOWS				
COMPARISON OF AUDITED RESULTS TO ADOPTED BUDGET				
FOR THE YEAR ENDING 30 JUNE 2021				
	ADOPTED BUDGET 2020/2021	AUDITED RESULTS 2019/2020	Variation from 2019/2020	Variation from 2019/2020
			\$	%
CASHFLOWS FROM OPERATING ACTIVITIES				
Receipts				
Council Contributions	1,830,674	1,983,928	(162,063)	-8.9%
Fees & other charges	180,500	72,447	78,178	51.9%
User Charges	272,000	373,345	(145,609)	-63.9%
Investment Receipts	15,000	7,234	(1,477)	-25.7%
Grants utilised for operating purposes	252,000	245,618	10,896	4.2%
Other	7,000	4,031	518	11.4%
Payments				
Employee costs	(1,762,000)	(1,645,676)	8,048	-0.5%
Materials, contracts & other expenses	(737,300)	(802,416)	276,584	
Finance Payments	(7,874)	(57,773)	7,785	-15.6%
Net Cash Provided/(Used) by Operating Activities	50,000	180,738	72,860	
CASH FLOWS FROM FINANCING ACTIVITIES				
Loans Received	-	-	-	
Repayment of Borrowings	(69,090)	(67,488)	(3,244)	4.6%
Repayment of Finance Lease Liabilities	-	(110,535)		
Net Cash Provided/(Used) by Financing Activities	(69,090)	(178,023)	(3,244)	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Sale of Replaced Assets	-	-	-	
Payments				
Expenditure on renewal / replacements of assets	-	(24,677)	24,677	
Expenditure on new / upgraded assets	-	-	-	
Net Cash Provided/(Used) by Investing Activities	-	(24,677)	24,677	
NET INCREASE (DECREASE) IN CASH HELD	(19,090)	(21,962)	83,548	
CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD	667,784	743,272	(21,962)	
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	648,694	721,310	61,586	

EASTERN HEALTH AUTHORITY STATEMENT OF FINANCIAL POSITION				
COMPARISON OF AUDITED RESULTS TO ADOPTED BUDGET				
FOR THE YEAR ENDING 30 JUNE 2021				
	ADOPTED BUDGET 2020/2021	AUDITED RESULTS 2019/2020	Variation from 2019/2020	Variation from 2019/2020
CURRENT ASSETS		-	\$	%
Cash and Cash Equivalents	648,694	721,310	61,586	7.9%
Trade & Other Receivables	122,329	155,650	33,251	17.6%
TOTAL CURRENT ASSETS	771,023	876,960	94,837	9.8%
NON-CURRENT ASSETS		-		
Infrastructure, property, plant and equipment	254,192	1,491,511	(190,797)	-14.7%
TOTAL NON-CURRENT ASSETS	254,192	1,491,511	(190,797)	-14.7%
TOTAL ASSETS	1,025,215	2,368,471	(95,960)	-4.2%
CURRENT LIABILITIES		-		
Trade & Other Payables	197,380	157,719	6,221	3.8%
Provisions	325,421	307,885	18	0.0%
Borrowings	67,488	262,051	(85,030)	-48.0%
TOTAL CURRENT LIABILITIES	590,289	727,655	(78,791)	-12.1%
NON-CURRENT LIABILITIES		-		
Provisions	38,690	22,268	(552)	-2.5%
Borrowings	46,677	1,143,669	(106,982)	-10.3%
TOTAL NON-CURRENT LIABILITIES	85,367	1,165,937	(107,534)	-10.2%
TOTAL LIABILITIES	675,656	1,893,592	(186,325)	-10.9%
NET CURRENT ASSETS/(CURRENT LIABILITIES)	180,734	149,305	173,628	53.8%
NET ASSETS	349,559	474,879	90,365	16.0%
EQUITY		-		
Accumulated Surplus/(Deficit)	349,559	474,879	90,365	16.0%
TOTAL EQUITY	349,559	474,879	90,365	16.0%

EASTERN HEALTH AUTHORITY STATEMENT OF CHANGES IN EQUITY				
COMPARISON OF AUDITED RESULTS TO ADOPTED BUDGET				
FOR THE YEAR ENDING 30 JUNE 2021				
	ADOPTED BUDGET 2020/2021	AUDITED RESULTS 2019/2020	Variation from 2019/2020	Variation from 2019/2020
ACCUMULATED SURPLUS		-	\$	
Balance at beginning of period	349,559	488,280	(13,401)	
Net Surplus/(Deficit)	-	(13,401)	103,766	
Distribution to Constituent Councils	-	-	-	
BALANCE AT END OF PERIOD	349,559	474,879	90,365	
TOTAL EQUITY		-	\$	
Balance at beginning of period	349,559	488,280	(13,401)	0.0%
Net Surplus/(Deficit)	-	(13,401)	103,766	0.0%
Distribution to Constituent Councils	-	-	-	0.0%
BALANCE AT END OF PERIOD	349,559	474,879	90,365	

Where you want to be.



August 2021

Eastern Health Authority

Report of Audit Findings

David Francis, Partner
Level 5, 63 Pirie St, Adelaide SA 5000
Telephone +61 8 8372 7900
dfrancis@adel.bentleys.com.au | bentleys.com.au

 Advisors  Accountants  Auditors

Executive summary

We are providing our Final report on the audit of Eastern Health Authority for the year ended 30/06/2021.

Dear Board of Management

We have conducted our financial audit of Eastern Health Authority for the year ended 30/06/2021 and report to management and those charged with governance the following matters for information purposes and for consideration of implementation or corrective action.

At the conclusion of our testing, using the information obtained we determined if there were any material matters or concerns that would impact the decision-making ability of the users of the financial report.

The following matters are reported to management:

Current Year Matters:

- None to report

Update on prior year matters:

1. Provision for Doubtful Debts
2. Credit account balances in receivables
3. Contract of employment
4. High level of annual leave accrued

We intend to issue an unmodified audit opinion over the financial report of Eastern Health Authority.

We would like to take this opportunity to thank management and staff for the assistance provided to us during the course of our audit.

Sincerely,

David Francis

Partner,

+61 8 8372 7900

dfrancis@adel.bentleys.com.au

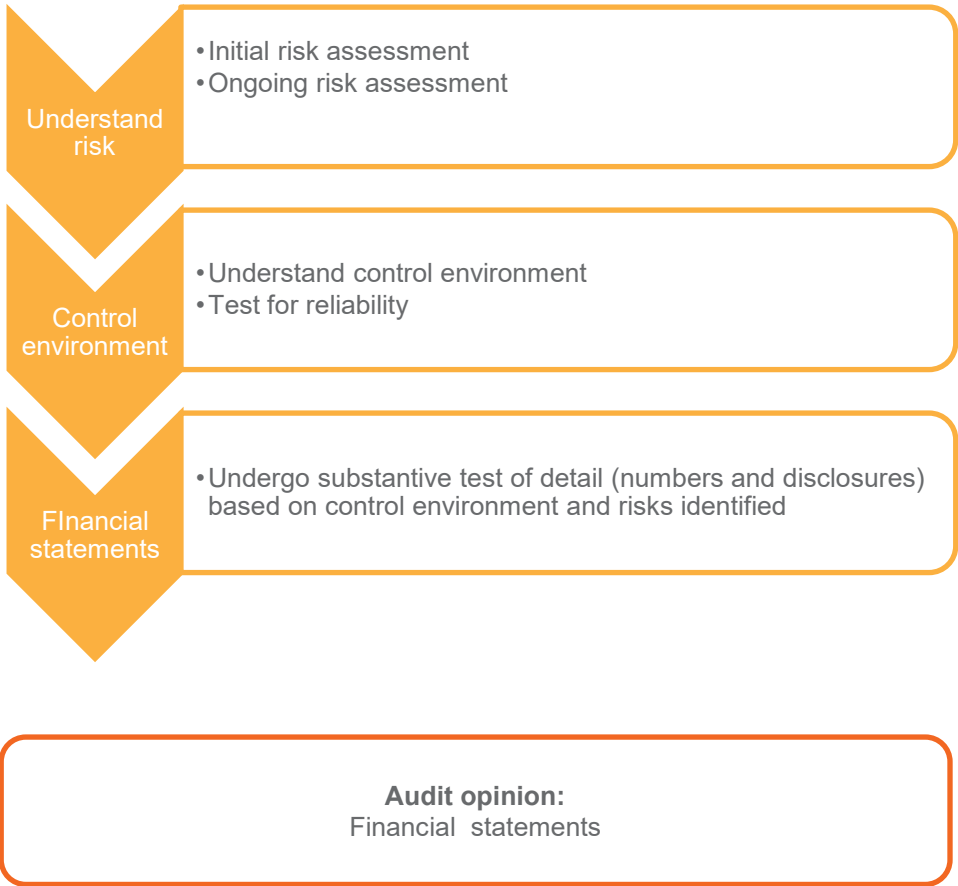


Audit approach

Helping businesses achieve their goals and aspirations.

Bentleys SA's audit approach is based on organisational and financial risk. We develop an understanding of risks for your organisation that relate to the financial statements based on our understanding of your people, your organisation and your sector. This understanding helps us build an audit program that is tailored to you each year and enables us to form an opinion on your financial statements through a target "risk based" approach. The benefits of this approach are:

- Audit efficiency
- Increased organisational assurance
- A review of your control environment
- Timely and effective audits



Financial statement matters for the year

We bring the following financial statement matters to your attention in relation to your financial statements.

As your auditor, our requirement to identify risk commences at the planning phase of our audit and continues throughout the audit process until complete and the audit report is signed. Below we have detailed identified risks relating to the financial statements.

Risk identified at planning

Area

Provision for doubtful debts

Risk

Management's provision for doubtful debts assessment may not comply with the requirements of AASB 9.

Audit Approach

We reviewed the aged receivables summary as of 30 June 2021 and performed an assessment of management's debtor analysis.

Outcome

Refer to page 5 of this report.



Status of prior points raised

Prior Year Issue 1

1. Provision for doubtful debts (2020)

Prior year Observation

The receivable balance as at 30 June 2020 includes long overdue accounts totalling \$22,160. Majority of these accounts relate to fines which are now being administered by the Fines and Recovery Unit who provides service to issuing authorities across South Australia in the recovery of debts owed on expiation notices issued. Some balances have been outstanding since 2012. There is no provision for doubtful debts balance to recognise the possible non-recovery of these long outstanding balances.

Current Year follow-up

We reviewed the aged receivables summary and management's debtor analysis report as at 30 June 2021 and noted the following:

- Debtor balances of \$2,390 have been identified by management as potential write-off items as they relate to closed businesses. No provision for doubtful debts was made as at 30 June 2021.
 - Debtor balances of \$51,239 relate to outstanding expiation notices that are currently either being followed-up by the Fines Recovery Unit (FRU) or EHA. Management advised that expiations are not considered doubtful accounts until advised by FRU, hence no provision is made.
-

Requirement

Under the accounting standard (AASB 9), management is required to assess provision for doubtful debts based on analysis of historical credit losses within a specific debtor category. The new impairment model under this new accounting standard allows entities to calculate credit losses on trade receivables using a provision matrix which is a current and forward-looking estimate.

Audit Comments

Whilst the debtor analysis prepared by management does not appear to be in line with the requirements of AASB 9 (as stated above), we have accepted management's assertion that the majority of debtors will be recovered, in time. We, however, reiterate our prior year recommendation that management review the accounting standard and apply the requirements when performing debtor analysis going forward.

Management response



Matters for those charged with governance

Prior Year Issue 2

Credit account balances in Receivables (2020)

Prior Year Observation

The MYOB debtor reconciliation report as at 30 June 2020 includes account balances in credit totalling \$6,409. Majority of this balance had long been outstanding with some credit balances dating back as far as 2010.

Current Year follow-up

The MYOB debtor reconciliation report as at 30 June 2021 includes account balances in credit totalling \$6,069 (2020: \$6,409)

Recommendation

We reiterate our prior year recommendation that management investigate credit balances regularly as part of its periodic review of debtors to ensure they are actioned on a timely basis.

Management response

Prior Year Issue 3

Contract of employment (2020)

Prior year observation

We noted an instance when an employee was remunerated at 0.8 FTE however, we were not able to obtain the employee's updated employment contract to support the FTE hours. The only available employment contract was dated April 2008 when the employee previously worked at 0.6 FTE.

Current Year follow-up

We understand that the employment agreement for the above employee has not been updated.



Matters for those charged with governance

Recommendation

We reiterate our prior year's recommendation that employment agreements should be updated on a periodic basis and re-signed by the employee and employer to document the understanding of the terms of employment.

Management response

Prior year Issue 4

High level of annual leave accrued (2020)

Prior year observation

There were 2 employees who each had accrued annual leave of more than 370 hours (approximately 10 weeks) as at 30 June 2020.

Current year follow-up

As at 30 June 2021:

- One employee with annual leave of more than 400 hours (approximately 11 weeks)
- Three employees with annual leave of more than 200 hours (approximately 5-6 weeks)

Recommendation

We suggest that management consider the current leave backlog and consider implementing a plan to reduce the outstanding balances over a defined period. Although this may be difficult in the short term due to pandemic, we suggest that consideration be given to this matter over the medium to longer term.

The maintenance of low accrued leave entitlements will allow the Authority to better manage its commitments and cash flow.

Management response



Matters for those charged with governance

Fraud

Whilst fraud is not the primary consideration when conducting an external audit, we have not identified any fraud as a result of our audit.

We believe it is important for management to continually consider and assess the control environment of the entity to identify areas where fraud can occur and ensure that those opportunities are removed and or monitored to reduce the risk and impact of fraud.

Legal compliance

Through our audit procedures we have not become aware of any non-compliance with applicable laws and regulations.

Financial reporting and accounting policies

We believe the accounting policies elected for EHA are reasonable and their application provides sufficient information for use of the decision makers.

Going concern

As part of our assessment, we considered the appropriateness of the going concern assumption concluded by EHA and management. Our procedures indicate that this assumption is fair and that the going concern convention is appropriate.

Cooperation with management

The management team has been helpful and cooperative throughout the conduct of this year's audit.



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5.2 REPORT ON FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2021

Author: Michael Livori

Ref: AF19/143

Summary

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

Report

The required comparison has been completed and is provided as attachment 1 to this report. Commentary in relation to the comparison is detailed below.

Statement of Comprehensive Income

- Total Operating Income was \$74,569 (-2.9%) less than budgeted.
- Total Operating Expenditure was \$183,302 (-7.8%) less than budgeted.
- More detail in relation to income and expenditure variations is provided later in the report (see Funding Statement section of report).
- The operating result estimate was a surplus of \$90,365 compared to a budgeted result of a \$20,000 deficit.
- The operating result is an improvement of \$110,635 on the budgeted result.

Statement of Cash Flow

- Cash and Cash Equivalents (C&CE) at the End of Reporting Period was \$782,896.
- C&CE were \$128,676 more than the budgeted estimate.

Statement of Financial Position

- Total Assets are \$2,272,511.
- A significant proportion of the recorded assets is due to the application of AAASB Standard 16 Leases which requires the estimated value of leases to be treated as an asset (Equipment) on Balance Sheet. EHA has a long-term rental lease for its office facility in the St Peters library Complex and a number of short-term motor vehicle leases (value of leases – see Note 10).
- Total liabilities are \$1,707,267

- A significant proportion of the recorded liabilities are due to the application of AAASB Standard 16 Leases which requires the estimated costs of maintaining leases to be treated as a liability (Borrowings) on Balance Sheet. EHA has a long-term rental lease for its office facility in the St Peters library Complex and a number of short-term motor vehicle leases (value of leases - see Note 10)

Total Equity is \$565,244 which is \$110,365 more than the budgeted estimate.

Statement of Changes in Equity

The net surplus was \$110,365 more (favourable) than the budgeted estimate.

Total Equity at the end of the reporting period is \$565,244, a \$110,365 improvement on the adopted budget estimate.

Eastern Health Authority Funding Statement 2020/2021

EHA's Funding Statement 2020/2021 provides more detailed information in relation to individual budget line performance against both the Original and Revised budget. The Funding Statement is provided as attachment 2.

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

Income Variations		
Budget Line	Variation	Reason
Food Inspection Fees	(\$30,148)	Less than Budget – note 38.6K higher than previous year
Fines	(\$5,147)	Less than Budget – note 35.7K higher than previous year
Non-funded vaccines	(\$17,914)	Reduction in sale of fee vaccines at Public Clinics
Worksite Immunisation	(\$13,121)	Reduced numbers provided than budgeted
Child Immunisation register	(\$10,140)	Less contribution received for 0-5 years of age
Interest	(\$10,099)	Reduced interest rates on cash holdings

The variation in relation to total actual income received as compared to budgeted income is (\$74,569) or -2.9% (Actual \$2,474,605 / Budgeted \$2,549,174).

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

Expenditure Variations		
Budget Line	Variation	Reason
Total Employee Costs	(\$126,067)	Adjustment in staffing, staff on long term leave, time in replacing staff
Total IT Licensing and Support	(\$5,264)	Reduced licensing costs
Total Administration	(\$47,492)	Reduced in costs for Governance/Health Promotion/Staff Training and Human Resources – Increase in costs for Legal Matters

The variation in relation to total expenditure as compared to budgeted expenditure is **(\$184,934)** or **-7.2%** (Actual \$2,384,240/ Budgeted \$2,569,174).

The Net Operating Result was a surplus of \$90,365. The budgeted operating result estimate was a deficit of \$20,000. The result was an improvement of \$110,365.

RECOMMENDATION

That:

The report on Financial Results for the Year Ending 30 June 2021 is received.

EASTERN HEALTH AUTHORITY STATEMENT OF COMPREHENSIVE INCOME								
COMPARISON OF AUDITED RESULTS TO ADOPTED BUDGET								
FOR THE YEAR ENDING 30 JUNE 2021								
	ADOPTED BUDGET 2020/2021	SEPTEMBER REVIEW	DECEMBER REVIEW	MARCH REVIEW	REVISED BUDGET 2020/2021	AUDITED RESULT 2020/2021	VARIATION AGAINST REVISED BUDGET	VARIATION AGAINST REVISED BUDGET
							\$	%
INCOME								
Council Contributions	1,790,674	-	-	-	1,790,674	1,790,675	-	0.0%
Public Health Plan / Service Review Contributions	40,000	(8,000)	-	-	32,000	31,190	(810)	-2.5%
Statutory Charges	180,500	-	-	-	180,500	150,625	(29,875)	-16.6%
User Charges	272,000	-	-	-	272,000	236,151	(35,849)	-13.2%
Grants, subsidies and contributions	252,000	-	-	-	252,000	256,514	4,514	1.8%
Investment Income	15,000	-	-	-	15,000	4,901	(10,099)	-67.3%
Other Income	7,000	-	-	-	7,000	4,549	(2,451)	-35.0%
TOTAL INCOME	2,557,174	(8,000)	-	-	2,549,174	2,474,605	(74,570)	-2.9%
EXPENSES								
Employee Costs	1,762,000	-	-	-	1,762,000	1,635,933	(126,067)	-7%
Materials, contracts and other expenses	737,300	(171,000)	-	-	566,300	509,065	(57,235)	-10%
Finance Charges	7,874	40,000	-	-	47,874	48,445	571	1%
Depreciation	50,000	143,000	-	-	193,000	190,797	(2,203)	-1%
TOTAL EXPENSES	2,557,174	12,000	-	-	2,569,174	2,384,240	(184,934)	-7.2%
Operating Surplus/(Deficit)	-	(20,000)	-	-	(20,000)	90,365	110,365	
Net gain (loss) on disposal of assets	-	-	-	-	-	-	-	
Net Surplus/(Deficit)	-	(20,000)	-	-	(20,000)	90,365	110,365	
Total Comprehensive Income	-	(20,000)	-	-	(20,000)	90,365	110,365	

EASTERN HEALTH AUTHORITY STATEMENT OF FINANCIAL POSITION								
COMPARISON OF AUDITED RESULTS TO ADOPTED BUDGET								
FOR THE YEAR ENDING 30 JUNE 2021								
	ADOPTED BUDGET 2020/2021	SEPTEMBER REVIEW	DECEMBER REVIEW	MARCH REVIEW	REVISED BUDGET 2020/2021	AUDITED RESULT 2020/2021	VARIATION AGAINST REVISED BUDGET	VARIATION AGAINST REVISED BUDGET
CURRENT ASSETS							\$	%
Cash and Cash Equivalents	648,694	45,526	-	-	694,220	782,896	88,676	13%
Trade & Other Receivables	122,329	33,321	-	-	155,650	188,901	33,251	21%
TOTAL CURRENT ASSETS	771,023	78,847	-	-	849,870	971,797	121,927	14%
NON-CURRENT ASSETS								
Infrastructure, property, plant and equipment	254,192	1,195,319	-	-	1,449,511	1,300,714	(148,797)	-10%
TOTAL NON-CURRENT ASSETS	254,192	1,195,319	-	-	1,449,511	1,300,714	(148,797)	-10%
TOTAL ASSETS	1,025,215	1,274,166	-	-	2,299,381	2,272,511	(26,870)	4%
CURRENT LIABILITIES								
Trade & Other Payables	197,380	(39,661)	-	-	157,719	163,940	6,221	4%
Provisions	325,421	(17,536)	-	-	307,885	307,903	18	0%
Borrowings	67,488	125,473	-	-	192,961	177,021	(15,940)	-8%
TOTAL CURRENT LIABILITIES	590,289	68,276	-	-	658,565	648,864	(9,701)	-1%
NON-CURRENT LIABILITIES								
Provisions	38,690	(16,422)	-	-	22,268	21,716	(552)	-2%
Borrowings	46,677	1,187,031	-	-	1,233,708	1,036,687	(197,021)	-16%
TOTAL NON-CURRENT LIABILITIES	85,367	1,170,609	-	-	1,255,976	1,058,403	(197,573)	-16%
TOTAL LIABILITIES	675,656	1,238,885	-	-	1,914,541	1,707,267	(207,274)	-11%
NET CURRENT ASSETS/(CURRENT LIABILITIES)	180,734	10,571	-	-	191,305	322,933	131,628	69%
NET ASSETS	349,559	35,281	-	-	384,840	565,244	180,404	47%
EQUITY								
Accumulated Surplus/(Deficit)	349,559	105,320	-	-	454,879	565,244	110,365	24%
TOTAL EQUITY	349,559	105,320	-	-	454,879	565,244	110,365	24%

EASTERN HEALTH AUTHORITY STATEMENT OF CASH FLOWS								
COMPARISON OF AUDITED RESULTS TO ADOPTED BUDGET								
FOR THE YEAR ENDING 30 JUNE 2021								
	ADOPTED BUDGET 2020/2021	SEPTEMBER REVIEW	DECEMBER REVIEW	MARCH REVIEW	REVISED BUDGET 2020/2021	AUDITED RESULT 2020/2021	VARIATION AGAINST ADOPTED BUDGET	VARIATION AGAINST ADOPTED BUDGET
CASHFLOWS FROM OPERATING ACTIVITIES							\$	%
Receipts								
Council Contributions	1,830,674	(8,000)	-	-	1,822,674	1,821,865	(809)	0%
Fees & other charges	180,500	-	-	-	180,500	150,625	(29,875)	-17%
User Charges	272,000	-	-	-	272,000	227,736	(44,264)	-16%
Investment Receipts	15,000	-	-	-	15,000	5,757	(9,243)	-62%
Grants utilised for operating purposes	252,000	-	-	-	252,000	256,514	4,514	2%
Other	7,000	-	-	-	7,000	4,549	(2,451)	-35%
Payments								
Employee costs	(1,762,000)	-	-	-	(1,762,000)	(1,637,628)	124,372	-7%
Materials, contracts & other expenses	(737,300)	-	-	-	(737,300)	(525,832)	211,468	-29%
Finance Payments	(7,874)	-	-	-	(47,874)	(49,988)	(2,114)	4%
Net Cash Provided/(Used) by Operating Activities	50,000	(8,000)	-	-	2,000	253,598	251,598	
CASH FLOWS FROM FINANCING ACTIVITIES								
Loans Received	-	-	-	-	-	-	-	-
Repayment of Borrowings	(69,090)	-	-	-	(69,090)	(70,732)	(1,642)	-
Repayment of Finance Lease Liabilities	-	-	-	-	-	(121,280)	(121,280)	-
Net Cash Provided/(Used) by Financing Activities	(69,090)	-	-	-	(69,090)	(192,012)	(122,922)	-
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Sale of Replaced Assets	-	-	-	-	-	-	-	-
Payments								
Expenditure on renewal / replacements of assets	-	-	-	-	-	-	-	-
Expenditure on new / upgraded assets	-	-	-	-	-	-	-	-
Net Cash Provided/(Used) by Investing Activities	-	-	-	-	-	-	-	-
NET INCREASE (DECREASE) IN CASH HELD	(19,090)	(8,000)	-	-	(67,090)	61,586	128,676	
CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD	667,784	53,526	-	-	721,310	721,310	-	
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	648,694	45,526	-	-	654,220	782,896	128,676	

EASTERN HEALTH AUTHORITY STATEMENT OF CHANGES IN EQUITY								
COMPARISON OF AUDITED RESULTS TO ADOPTED BUDGET								
FOR THE YEAR ENDING 30 JUNE 2021								
	ADOPTED BUDGET 2020/2021	SEPTEMBER REVIEW	DECEMBER REVIEW	MARCH REVIEW	REVISED BUDGET 2020/2021	AUDITED RESULT 2020/2021	VARIATION AGAINST REVISED BUDGET	VARIATION AGAINST REVISED BUDGET
ACCUMULATED SURPLUS							\$	%
Balance at beginning of period	349,559	125,320		-	474,879	474,879	-	0%
Net Surplus/(Deficit)	-	(20,000)	-	-	(20,000)	90,365	110,365	-552%
Distribution to Constituent Councils	-	-	-	-	-	-	-	
BALANCE AT END OF PERIOD	349,559	105,320	-	-	454,879	565,244	110,365	32%
TOTAL EQUITY							\$	%
Balance at beginning of period	349,559	125,320	-	-	474,879	474,879	-	0%
Net Surplus/(Deficit)	-	(20,000)	-	-	(20,000)	90,365	110,365	-552%
Distribution to Constituent Councils	-	-	-	-	-	-	-	0%
BALANCE AT END OF PERIOD	349,559	105,320	-	-	454,879	565,244	110,365	32%

EASTERN HEALTH AUTHORITY FUNDING STATEMENT 2020/2021				
COMPARISON OF BUDGET TO AUDITED RESULTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2021				
Income	Adopted Budget 2020-2021	Revised Budget	Actual Result	Variation to Revised Budget
Constituent Council Income				
City of Burnside	\$438,131	\$438,131	\$438,131	\$0
City of Campbelltown	\$452,548	\$452,548	\$452,548	\$0
City of Norwood Payneham & St Peters	\$586,308	\$586,308	\$586,308	\$0
City of Prospect	\$210,656	\$210,656	\$210,656	\$0
Town of Walkerville	\$103,032	\$103,032	\$103,032	\$0
Public Health Plan Review and Service Review (cc to share 5 x10K)	\$40,000	\$32,000	\$31,190	-\$810
Total Constituent Council Contributions	\$1,830,674	\$1,822,674	\$1,821,865	\$810
Statutory Charges				
Food Inspection fees	\$122,000	\$122,000	\$91,852	-\$30,148
Legionella registration and Inspection	\$7,000	\$7,000	\$10,665	\$3,665
SRF Licenses	\$1,500	\$1,500	\$3,255	\$1,755
Fines	\$50,000	\$50,000	\$44,853	-\$5,147
Total Statutory Charges	\$180,500	\$180,500	\$150,625	-\$29,875
User Charges				
Immunisation - non funded vaccines	\$80,000	\$80,000	\$62,086	-\$17,914
Immunisation - Worksites	\$110,000	\$110,000	\$96,879	-\$13,121
Food Auditing	\$80,000	\$80,000	\$77,186	-\$2,814
Food Safety Training	\$2,000	\$2,000	\$0	-\$2,000
Total User Charges	\$272,000	\$272,000	\$236,151	-\$35,849
Grants, Subsidies, Contributions				
School Based Immunisation Program	\$180,000	\$180,000	\$180,024	\$24
Child Immunisation register	\$32,000	\$32,000	\$21,860	-\$10,140
Adelaide PHN Immunisation Community Engagement Project	\$40,000	\$40,000	\$54,630	\$14,630
Total Grants, Subsidies, Contributions	\$252,000	\$252,000	\$256,514	\$4,514
Investment Income				
Interest on investments	\$15,000	\$15,000	\$4,901	-\$10,099
Total Investment Income	\$15,000	\$15,000	\$4,901	-\$10,099
Other Income				
Motor Vehicle re-imburements	\$0	\$0	\$3,705	\$3,705
Sundry Income	\$7,000	\$7,000	\$844	-\$6,156
Total Other Income	\$7,000	\$7,000	\$4,549	-\$2,451
Total of non Constituent Council Income	\$726,500	\$726,500	\$652,740	-\$73,760
Total Income	\$2,557,174	\$2,549,174	\$2,474,605	-\$74,569

EASTERN HEALTH AUTHORITY FUNDING STATEMENT 2020/2021 (CONT)				
COMPARISON OF BUDGET TO AUDITED RESULTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2021 (cont)				
Expenditure	Adopted Budget 2020-2021	Revised Budget	Actual Result	Variation to Revised Budget
Employee Costs				
Salaries & Wages	\$1,565,000	\$1,565,000	\$1,434,514	-\$130,486
Superannuation	\$140,000	\$140,000	\$144,318	\$4,318
Workers Compensation	\$18,000	\$18,000	\$17,050	-\$950
Employee Leave Expenses	\$36,000	\$36,000	\$35,942	-\$58
Medical Officer Retainer and Agency Staff	\$3,000	\$3,000	\$4,109	\$1,109
Total Employee Costs	\$1,762,000	\$1,762,000	\$1,635,933	-\$126,067
Prescribed Expenses				
Auditing and Accounting	\$17,000	\$17,000	\$16,848	-\$152
Insurance	\$27,000	\$27,000	\$29,245	\$2,245
Maintenance	\$45,000	\$45,000	\$41,173	-\$3,827
Vehicle Leasing/maintenance	\$68,000	\$13,000	\$15,399	\$2,399
Total Prescribed Expenses	\$157,000	\$102,000	\$102,665	\$665
Rent and Plant Leasing				
Electricity	\$10,000	\$10,000	\$9,066	-\$934
Plant Leasing Photocopier	\$3,500	\$3,500	\$3,769	269
Rent	\$108,000	\$0	\$0	-
Water	\$300	\$300	\$126	-\$174
Gas	\$3,000	\$3,000	\$2,419	-\$581
Total Rent and Plant Leasing	\$124,800	\$16,800	\$15,380	-\$1,420.00
IT Licensing and Support				
IT Licences	\$70,000	\$70,000	\$60,549	-\$9,451
IT Support	\$43,000	\$43,000	\$41,136	-\$1,864
Internet	\$10,000	\$10,000	\$9,783	-\$217
IT Other	\$2,000	\$2,000	\$8,268	\$6,268
Total IT Licensing and Support	\$125,000	\$125,000	\$119,736	-\$5,264
Administration				
Administration Sundry	\$6,000	\$6,000	\$6,250	\$250
Accreditation Fees	\$3,000	\$3,000	\$6,257	\$3,257
Governance Expenses	\$12,000	\$12,000	\$4,158	-\$7,842
Bank Charges	\$4,000	\$4,000	\$2,819	-\$1,181
Public Health Sundry	\$5,000	\$5,000	\$1,900	-\$3,100
Fringe Benefits Tax	\$16,000	\$16,000	\$14,272	-\$1,728
Health promotion	\$5,000	\$5,000	\$304	-\$4,696
Legal	\$20,000	\$20,000	\$28,646	\$8,646
Printing & Stationery & Postage	\$25,000	\$25,000	\$21,155	-\$3,845
Telephone	\$19,000	\$19,000	\$14,414	-\$4,586
Work Health and Safety	\$10,000	\$10,000	\$5,761	-\$4,239
Rodenticide	\$2,000	\$2,000	\$1,923	-\$77
Staff Amenities	\$7,000	\$7,000	\$2,152	-\$4,848
Staff Training	\$22,000	\$22,000	\$6,924	-\$15,076
Human Resource / Organisational Development	\$16,000	\$16,000	\$7,573	-\$8,427
Total Administration	\$172,000	\$172,000	\$124,508	-\$47,492
Immunisation				
Immunisation SBP Consumables	\$9,000	\$9,000	\$8,497	-\$503
Immunisation clinic vaccines	\$54,000	\$54,000	\$38,502	-\$15,498
Immunisation worksite vaccines	\$30,000	\$30,000	\$47,659	\$17,659
Total Immunisation	\$93,000	\$93,000	\$94,658	\$1,658
Income protection				
Income Protection	\$23,000	\$23,000	\$18,355	-\$4,645
Total Uniforms/Income protection	\$23,000	\$23,000	\$18,355	-\$4,645
Sampling				
Legionella Testing	\$1,500	\$1,500	\$2,573	\$1,073
Food Sampling	\$1,000	\$1,000	\$0	-\$1,000
Total Sampling	\$2,500	\$2,500	\$2,573	\$73
New Initiatives				
Service/Governance Review	\$40,000	\$32,000	\$31,190	-\$810
Total New Initiatives	\$40,000	\$32,000	\$31,190	-\$810

EASTERN HEALTH AUTHORITY FUNDING STATEMENT 2020/2021 (CONT)				
COMPARISON OF BUDGET TO AUDITED RESULTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2021 (cont)				
Expenditure	Adopted Budget 2020-2021	Revised Budget	Actual Result	Variation to Revised Budget
Total Materials, contracts and other expenses	\$737,300	\$566,300	\$509,065	-\$57,235
Total Operating Expenditure	\$2,499,300	\$2,328,300	\$2,144,998	-\$183,302
Finance Charges	\$7,874	\$47,874	\$48,445	\$571
Depreciation, amortisation and impairment	\$50,000	\$193,000	\$190,797	-\$2,203
Total Expenditure	\$2,557,174	\$2,569,174	\$2,384,240	-\$184,934
Total Income	\$2,557,174	\$2,549,174	\$2,474,605	(\$74,569)
Net Surplus/Deficit	\$0	(\$20,000)	\$90,365	\$110,365
Depreciation Add Back	\$50,000	\$42,000	\$39,519	-\$2,481
Amortisation Add Back	\$0	\$28,000	\$59,996	\$31,996
Loans Received	\$0	\$0	\$0	\$0
Capital Expenditure - plant and Equipment	\$0	\$0	\$0	\$0
Capital Expenditure - Office Fit-out	\$0	\$0	\$0	\$0
Loan Repayments	(\$69,090)	(\$69,090)	(\$70,732)	-\$1,642
Funding Result	(\$19,090)	(\$19,090)	\$119,148	\$138,238

5.3 LONG-TERM FINANCIAL PLAN REVISED FINANCIAL ESTIMATES

Author: Michael Livori
Ref: AF13/78

Summary

This report provides updated Long-Term financial estimates for consideration by the committee.

Report

The purpose of the EHA LTFP is to express, in financial terms, the activities that EHA proposes to undertake over the medium to longer term to achieve its stated objectives as outlined in its Charter and Business Plan.

EHA is an operational based organisation focused on meeting the regulatory requirements of its member councils. Unlike its Constituent Councils it is not responsible for managing a high level of long-lived assets.

The one exception to this is the upgrade of office accommodation at EHA's St Peters office which occurred in 2012. A 10 year loan (final payment to be made in July 2022) from the LGFA was used to fund the required office accommodation.

The LTFP is, apart from the loan, simply a projection of current operating arrangements moving forward.

In light of the current economic climate the key assumptions used to develop Long-Term financial estimates have not been changed. The table below details the current figures used.

	Current
Growth	1.2%
CPI	1.5%
Wages	2.5%
Materials	1.5%

Revised Long-Term financial estimates based on the audited results from 2020/2021 and the currently used key assumptions detailed above are provided as attachment 1 for consideration.

RECOMMENDATION

That:

1. Long-Term Financial Plan revised financial estimates report is received.
2. The Long-Term Financial Plan revised financial estimates are presented to the Board of Management for consideration.

Eastern Health Authority
Long Term Financial Plan Model
ESTIMATED COMPREHENSIVE INCOME STATEMENT

Year Ended 30 June:		2021 Actual	2022 Estimate	2023 Plan Year 1	2024 Plan Year 2	2025 Plan Year 3	2026 Plan Year 4	2027 Plan Year 5	2028 Plan Year 6	2029 Plan Year 7	2030 Plan Year 8	2031 Plan Year 9
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
INCOME												
Constituent Council Contributions	A	1,821,865	1,828,263	1,837,625	1,888,321	1,940,385	1,993,856	2,048,769	2,105,165	2,163,085	2,222,568	2,283,657
Statutory Charges	B	150,625	181,500	184,223	186,986	189,791	192,638	195,527	198,459	201,436	204,457	207,523
User Charges	C	236,151	256,000	259,840	263,738	267,694	271,709	275,784	279,921	284,120	288,381	292,707
Grants, subsidies, contributions	D	256,514	254,000	217,210	220,468	223,775	227,132	230,539	233,997	237,507	241,069	244,685
Investment Income	E	4,901	10,000	14,168	14,128	14,018	14,849	15,311	16,262	17,297	18,647	20,225
Other Income	G	4,549	11,000	11,165	11,333	11,503	11,676	11,851	12,029	12,210	12,394	12,580
Total Revenues		2,474,605	2,540,763	2,524,231	2,584,974	2,647,166	2,711,860	2,777,781	2,845,833	2,915,655	2,987,516	3,061,377
EXPENSES												
Employee costs	J	1,635,933	1,802,000	1,846,870	1,892,860	1,939,997	1,988,309	2,037,826	2,088,577	2,140,595	2,193,910	2,248,555
Materials, contracts & other expenses	K	509,065	526,000	518,172	552,438	561,325	570,346	579,500	588,792	598,223	607,796	617,514
Depreciation	L	190,797	168,554	127,043	124,475	124,475	124,475	124,475	124,475	124,475	124,475	124,475
Finance Costs	M	48,445	44,209	49,702	45,919	44,098	41,110	38,480	35,426	32,334	28,998	25,512
Total Expenses		2,384,240	2,540,763	2,541,787	2,615,692	2,669,895	2,724,240	2,780,281	2,837,270	2,895,627	2,955,179	3,016,056
NET SURPLUS/(DEFICIT)		90,365	0	(17,556)	(30,718)	(22,729)	(12,380)	(2,500)	8,563	20,028	32,337	45,321
Other Comprehensive Income												
Changes in revaluation surplus - IPP&E		0	0	0	0	43,834	0	0	0	0	15,587	0
Total Other Comprehensive Income		0	0	0	0	43,834	0	0	0	0	15,587	0
TOTAL COMPREHENSIVE INCOME		90,365	0	(17,556)	(30,718)	21,105	(12,380)	(2,500)	8,563	20,028	47,924	45,321

**Eastern Health Authority
Long Term Financial Plan Model
ESTIMATED BALANCE SHEET**

Year Ended 30 June:	2021 Actual \$	2022 Estimate \$	2023 Plan Year 1 \$	2024 Plan Year 2 \$	2025 Plan Year 3 \$	2026 Plan Year 4 \$	2027 Plan Year 5 \$	2028 Plan Year 6 \$	2029 Plan Year 7 \$	2030 Plan Year 8 \$	2031 Plan Year 9 \$
ASSETS											
Current Assets											
Cash & Equivalent Assets	782,896	779,194	788,833	796,975	828,902	851,887	887,399	925,292	971,373	1,023,455	1,083,413
Trade & Other Receivables	188,901	188,901	191,735	194,611	197,530	200,493	203,500	206,553	209,651	212,796	215,988
Total Current Assets	971,797	968,095	980,568	991,586	1,026,432	1,052,380	1,090,899	1,131,845	1,181,024	1,236,251	1,299,401
Non-Current Assets											
Infrastructure, Property, Plant & Equipment	1,300,714	1,132,160	1,005,117	880,642	800,001	675,526	551,051	426,576	302,101	193,213	68,738
Total Non-Current Assets	1,300,714	1,132,160	1,005,117	880,642	800,001	675,526	551,051	426,576	302,101	193,213	68,738
Total Assets	2,272,511	2,100,255	1,985,685	1,872,228	1,826,433	1,727,906	1,641,950	1,558,421	1,483,125	1,429,464	1,368,139
LIABILITIES											
Current Liabilities											
Trade & Other Payables	163,940	163,940	166,622	164,042	170,624	168,668	170,998	171,185	172,452	173,184	174,190
Borrowings	177,004	120,626	81,480	86,035	90,774	95,707	100,837	106,174	111,724	117,498	123,500
Provisions	307,903	307,903	330,813	331,335	343,491	350,069	359,787	368,241	377,669	386,946	396,649
Total Current Liabilities	648,847	592,469	578,915	581,412	604,889	614,444	631,622	645,600	661,845	677,628	694,339
Non-Current Liabilities											
Trade & Other Payables	21,716	26,464	24,484	25,283	25,680	25,685	25,888	25,992	26,147	26,277	26,420
Borrowings	1,036,704	916,078	834,598	748,563	657,789	562,082	461,245	355,071	243,347	125,849	2,349
Total Non-Current Liabilities	1,058,420	942,542	859,082	773,846	683,469	587,767	487,133	381,063	269,494	152,126	28,769
Total Liabilities	1,707,267	1,535,011	1,437,997	1,355,258	1,288,358	1,202,211	1,118,755	1,026,663	931,339	829,754	723,108
NET ASSETS	565,244	565,244	547,688	516,970	538,075	525,695	523,195	531,758	551,786	599,710	645,031
EQUITY											
Accumulated Surplus	565,244	565,244	547,688	516,970	494,241	481,861	479,361	487,924	507,952	540,289	585,610
Asset Revaluation Reserve	0	0	0	0	43,834	43,834	43,834	43,834	43,834	59,421	59,421
TOTAL EQUITY	565,244	565,244	547,688	516,970	538,075	525,695	523,195	531,758	551,786	599,710	645,031

**Eastern Health Authority
Long Term Financial Plan Model
ESTIMATED CASH FLOW STATEMENT**

Year Ended 30 June:	2021 Actual \$	2022 Estimate \$	2023 Plan Year 1 \$	2024 Plan Year 2 \$	2025 Plan Year 3 \$	2026 Plan Year 4 \$	2027 Plan Year 5 \$	2028 Plan Year 6 \$	2029 Plan Year 7 \$	2030 Plan Year 8 \$	2031 Plan Year 9 \$
CASH FLOWS FROM OPERATING ACTIVITIES											
<u>Receipts</u>											
Constituent Council Contributions		1,828,263	1,834,791	1,885,445	1,937,466	1,990,893	2,045,762	2,102,112	2,159,987	2,219,423	2,280,465
Statutory Charges		181,500	184,223	186,986	189,791	192,638	195,527	198,459	201,436	204,457	207,523
User Charges		256,000	259,840	263,738	267,694	271,709	275,784	279,921	284,120	288,381	292,707
Grants, subsidies, contributions		254,000	217,210	220,468	223,775	227,132	230,539	233,997	237,507	241,069	244,685
Investment Income		10,000	14,168	14,128	14,018	14,849	15,311	16,262	17,297	18,647	20,225
Other Income		11,000	11,165	11,333	11,503	11,676	11,851	12,029	12,210	12,394	12,580
<u>Payments</u>											
Employee costs		(1,802,000)	(1,823,605)	(1,892,680)	(1,926,969)	(1,981,990)	(2,027,799)	(2,080,098)	(2,130,999)	(2,184,536)	(2,238,719)
Materials, contracts & other expenses		(526,000)	(515,490)	(555,018)	(554,743)	(572,302)	(577,170)	(588,605)	(596,956)	(607,064)	(616,508)
Finance Costs		(39,461)	(52,037)	(44,778)	(44,573)	(40,846)	(38,586)	(35,347)	(32,347)	(28,965)	(25,502)
Net Cash provided by (or used in) Operating Activities		173,302	130,265	89,622	117,962	113,759	131,219	138,730	152,255	163,806	177,456
CASH FLOWS FROM FINANCING ACTIVITIES											
<u>Payments</u>											
Repayments of Borrowings		(74,131)	(38,392)	0	0	0	0	0	0	0	0
Repayment of Finance Lease Liabilities		(102,873)	(82,234)	(81,480)	(86,035)	(90,774)	(95,707)	(100,837)	(106,174)	(111,724)	(117,498)
Net Cash provided by (or used in) Financing Activities		(177,004)	(120,626)	(81,480)	(86,035)	(90,774)	(95,707)	(100,837)	(106,174)	(111,724)	(117,498)
Net Increase/(Decrease) in cash held		(3,702)	9,639	8,142	31,927	22,985	35,512	37,893	46,081	52,082	59,958
Opening cash, cash equivalents or (bank overdraft)		782,896	779,194	788,833	796,975	828,902	851,887	887,399	925,292	971,373	1,023,455
Closing cash, cash equivalents or (bank overdraft)		782,896	779,194	788,833	796,975	828,902	851,887	887,399	971,373	1,023,455	1,083,413

**Eastern Health Authority
Long Term Financial Plan Model
ESTIMATED STATEMENT OF CHANGES IN EQUITY**

Year Ended 30 June:	2021 Actual \$	2022 Estimate \$	2023 Plan Year 1 \$	2024 Plan Year 2 \$	2025 Plan Year 3 \$	2026 Plan Year 4 \$	2027 Plan Year 5 \$	2028 Plan Year 6 \$	2029 Plan Year 7 \$	2030 Plan Year 8 \$	2031 Plan Year 9 \$
ACCUMULATED SURPLUS											
Balance at end of previous reporting period	474,879	565,244	565,244	547,688	516,970	494,241	481,861	479,361	487,924	507,952	540,289
Net Result for Year	90,365	0	(17,556)	(30,718)	(22,729)	(12,380)	(2,500)	8,563	20,028	32,337	45,321
Balance at end of period	565,244	565,244	547,688	516,970	494,241	481,861	479,361	487,924	507,952	540,289	585,610
ASSET REVALUATION RESERVE											
Right of Use	0	0	0	0	43,834	43,834	43,834	43,834	43,834	59,421	59,421
Balance at end of period	0	0	0	0	43,834	43,834	43,834	43,834	43,834	59,421	59,421
TOTAL EQUITY AT END OF REPORTING	565,244	565,244	547,688	516,970	538,075	525,695	523,195	531,758	551,786	599,710	645,031

Eastern Health Authority
Long Term Financial Plan Model
SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS

Year Ended 30 June:	2021 Actual	2022 Estimate	2023 Plan Year 1	2024 Plan Year 2	2025 Plan Year 3	2026 Plan Year 4	2027 Plan Year 5	2028 Plan Year 6	2029 Plan Year 7	2030 Plan Year 8	2031 Plan Year 9
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Revenues	2,474,605	2,540,763	2,524,231	2,584,974	2,647,166	2,711,860	2,777,781	2,845,833	2,915,655	2,987,516	3,061,377
less Operating Expenses	2,384,240	2,540,763	2,541,787	2,615,692	2,669,895	2,724,240	2,780,281	2,837,270	2,895,627	2,955,179	3,016,056
Operating Surplus/(Deficit) before Capital	90,365	0	(17,556)	(30,718)	(22,729)	(12,380)	(2,500)	8,563	20,028	32,337	45,321
Less: Net Outlays on Existing Assets											
less Depreciation, Amortisation & Impairment	190,797	168,554	127,043	124,475	124,475	124,475	124,475	124,475	124,475	124,475	124,475
	(190,797)	(168,554)	(127,043)	(124,475)	(124,475)	(124,475)	(124,475)	(124,475)	(124,475)	(124,475)	(124,475)
Net Lending / (Borrowing) for Financial Year	281,162	168,554	109,487	93,757	101,746	112,095	121,975	133,038	144,503	156,812	169,796

In any one year, the above financing transactions are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

KEY FINANCIAL INDICATORS	2021 Actual	2022 Estimate	2023 Plan Year 1	2024 Plan Year 2	2025 Plan Year 3	2026 Plan Year 4	2027 Plan Year 5	2028 Plan Year 6	2029 Plan Year 7	2030 Plan Year 8	2031 Plan Year 9
Operating Surplus / (Deficit) - \$'000	90,365	0	(17,556)	(30,718)	(22,729)	(12,380)	(2,500)	8,563	20,028	32,337	45,321
Operating Surplus Ratio - %	5%	0%	(1)%	(2)%	(1)%	(1)%	(0)%	0%	1%	1%	2%
Net Financial Liabilities - \$'000	735,470	566,916	457,429	363,672	261,926	149,831	27,856	(105,182)	(249,685)	(406,497)	(576,293)
Net Financial Liabilities Ratio - %	29.7%	22.3%	18.1%	14.1%	9.9%	5.5%	1.0%	(3.7)%	(8.6)%	(13.6)%	(18.8)%
Interest Cover Ratio - %	1.8%	1.4%	1.4%	1.2%	1.1%	1.0%	0.8%	0.7%	0.5%	0.3%	0.2%
Asset Sustainability Ratio - %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Asset Consumption Ratio - %	63%	55%	49%	43%	37%	31%	26%	20%	14%	9%	3%

5.4 RISK AND OPPORTUNITY MANAGEMENT – UPDATED CORPORATE RISK SUMMARY

Author: Michael Livori
Ref: AF18/81

Summary

The Risk and Opportunity Management Policy and Framework for Eastern Health Authority (EHA) contemplate the analysis of organisational risks. A Corporate Risk Summary has been developed to assist with the assessment and maintenance of organisational risk. A review of the Corporate Risk Summary has been undertaken and a revised summary is provided for consideration.

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.

A copy of the current Corporate Risk Summary with suggested changes detailed as tracked changes is provided as attachment 1.

Items of note include:

- Service Review has been completed and report provided to Board and Audit Committee (out of session).
- Service Review recommendations to be reviewed and implemented as agree with Board of Management and Constituent Councils.
- Operational COVID 19 Safe Plan and Working Remotely Policy have been developed.
- Business Interruption Insurance Limits and Risk Environment have been reviewed and used for business insurance values (provided to Committee under separate cover).
- A number of timing changes.

A copy of an amended Corporate Risk Summary with these changes accepted is provided as attachment 2.

RECOMMENDATION

That:

1. The report regarding the Risk and Opportunity Management – Updated Corporate Risk Summary is received.
2. The updated Corporate Risk Summary marked as attachment 2 to this report is endorsed.



Eastern Health Authority Corporate Risk Summary

Corporate Risk Summary

	Risk Description	Initial Risk Rating	Revised Consequence	Revised Likelihood	Revised Risk Rating
1.	Serious breach of legislation (other than WH&S) ¹ duty of care, standards and agreements threatening operations.	HIGH	4	A	MODERATE
2.	WH&S system fails to prevent serious WHS injury	HIGH	4	C	HIGH
3.	Business Plan objectives not appropriate or not achieved.	MODERATE	3	C	MODERATE
4.	Unfavourable financial impact due to changes in government policy, or changes to service provision arrangements.	MODERATE	3	C	MODERATE
5.	Inability to recruit and retain appropriately qualified staff.	HIGH	3	C	HIGH
6	A significant, unplanned, adverse event threatens the continued operations of the organisation.	MODERATE	3	B	MODERATE
7.	Inadequate business processes and systems to deliver services.	HIGH	3	B	MODERATE

Risk Assessment

¹ WH&S addressed in Risk Description No 2.

Ref: MT – Management Team

[Relevant Docs: Risk and Opportunity Management Policy – D15/5720\[v4\]](#) & [EHA Risk and Opportunity Framework D15/629\[v2\]](#)

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Eastern Health Authority Corporate Risk Summary

Corporate Strategic Risks – Documentation of Key Risks and Opportunities

Date Updated: ~~26 August~~ 18 August 2020/2021

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
1.	Serious breach of legislation, duty of care, standards and agreements threatening operations	<ul style="list-style-type: none"> Staff trained in key legislation where appropriate. Clear reporting to Board on legislative requirements Delegations Register External Audit Charter Review Use of legal firms familiar with Local Government Operations. Professional Indemnity (PI) and Public liability (PL) Insurances in place and also built into all contracts. Business Plan contemplates the monitoring of compliance of statutory requirements identified in the Charter. Required staff subject to DCSI employment screening checks. 	4	BA	HIGH MODERATE	<ul style="list-style-type: none"> Program Review (rescheduled to 2020/2021) 	4	A	Moderate	1	CEO	June 2021

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<ul style="list-style-type: none"> National Police Checks for staff that are not subjected to DCSI employment screening checks. Enforcement Policy Completion of Enforcement Matrix to assist with decision of most appropriate enforcement strategy with consideration of the Enforcement Policy. Code of Conduct for Board Members and Staff Application of the Food Business Risk Classification System Policy Register including regular reviews Regular meetings with staff regarding use of delegated authority. Maintain and distribute list of applicable legislation & legal obligations. All non-compliance and best practice recommendations resulting from Governance Review have been implemented. Date Completed: 22/08/2019. 										

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<ul style="list-style-type: none"> LGA Member Access – appropriate staff provided with individual login access. Date completed: 30/11/2020. Distribution of LG Circulars is broadened to appropriate staff. <u>Service Review Completed and copy of report provided to BoM and Audit Committee.</u> 										
2.	WH&S system fails to prevent serious WHS injury.	<p><i>Safety and Security</i></p> <ul style="list-style-type: none"> Building Security Procedures in place including monitored security alarm and access tags which are audited. Duress alarms at reception. Worksafe Guardian – offsite duress monitoring system. Minimal cash on site at all times. 	5	B	HIGH	<ul style="list-style-type: none"> Ongoing Review and development of WH&S policies. Response team to be developed to deal with aggressive situations in short timeframe. Review of EH WHS Procedures to align with industry standards. 	4	C	HIGH	1	MT	Ongoing
										2	MT	June 202 2 ⁴
										1	NC	Dec 2020 June 202 2 ⁴

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<ul style="list-style-type: none"> Staff training and awareness including dealing with aggressive people and Fire Safety. Regular inspection audits undertaken of all equipment. Internal Audit process conducted every 3 years. WHS System reviewed in regard to legislative changes. Annual Capital budget to provide for capital replacements as needed. (building and equipment maintenance). WH&S 3 year plan. Participation in Emergency Management Planning Committee meetings for St Peters Town Hall Complex. Emergency Management Plan. Working Remotely policy and checklist. Operational COVID-19 Safe Plan. Updated WHS staff induction presentation. 				<ul style="list-style-type: none"> Updated the WHS staff induction presentation. Development of 3 Step WHS Risk Assessment. All staff to be educated in the implementation of the tool. Development and implementation of Operational COVID-19 Safe Plan. Development and implementation of Working Remotely policy and checklist. 				2	MT	Dec 2020, June 2022

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<ul style="list-style-type: none"> • • <p><i>Staff Health</i> Health policy in place including:</p> <ul style="list-style-type: none"> ○ All staff offered annual flu vaccinations. ○ At risk staff offered Hepatitis A & B and Diphtheria, Tetanus and Pertussis vaccinations as required. ○ Immunisation History of all staff requested, and vaccinations offered. ○ Inform staff to stay home if sick. ○ Participation in CHG Health Lifestyle Programs including Health Assessments and Skin ○ Ergonomic Workstation Assessments 										

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<ul style="list-style-type: none"> o Personal Protective Equipment. o WHS on all Team Meeting Agendas. o First Aid Kits in office and all motor vehicles. o Safe Operating Procedures specific for each area. o Annual CPR training. o Manual Handling Update. o WHS Training Register. <p><i>Other.</i></p> <ul style="list-style-type: none"> • Risk Assessments undertaken for all function activities. • Maintain and distribute list of applicable WHS legislation & legal obligations. 										
3.	Business Plan objectives not appropriate or not achieved.	<ul style="list-style-type: none"> • Annual Business Plan in place. • Annual Business Plan supported by appropriate Budget. 	3	C	MODERATE	<ul style="list-style-type: none"> • Service Improvement Review for all programs, services and activities to be undertaken. 	3	C	MODERATE	1	CEO	June 202 2 ⁴

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<ul style="list-style-type: none"> Annual review of Annual Business Plan undertaken including requests for input from Constituent Councils. Annual Report detailing activities and achievements. Annual evaluation of EHA's performance against the performance measures contained within the Business Plan Organisational structure provides effective leadership. Benchmarking/Comparison Report developed and presented to the Board of Management. Quarterly meeting with Constituent Council Contacts to maintain communication and provide updates. Minutes taken and distributed. <u>Service Review finalised.</u> 				<p><i>(rescheduled to 2020/2021)</i> <u>Review and implement service review recommendations as agreed with the BoM and Constituent Councils.</u></p>						
4.	Unfavourable financial impact	<ul style="list-style-type: none"> Report to Board and Constituent Councils on 	3	C	MODERATE	<ul style="list-style-type: none"> Continue to identify opportunities for 	3	C	MODERATE	1	MT	Ongoing

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence Likelihood	Rating	Future Controls to be put in place	Consequence Likelihood	Revised Rating	Priority	Resp	Timeframe
	due to changes in government policy or changes to service provision arrangements.	financial and operational impact of changes to government policy. <ul style="list-style-type: none"> Regular financial reporting to the Board and Audit Committee. Statutory Budget reviews undertaken. Long Term Financial Plan (LTFP) in place and reviewed annually. Annual Capital budget to provide for capital replacements as needed and for building and equipment maintenance. External Audit conducted annually. Grant funding opportunities monitored. Public image/Reputation maintained through: <ul style="list-style-type: none"> Internet Web site. Revision of information material. Promotion of services at Constituent Councils. 			other board membership and participation on other committees for networking.					

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<ul style="list-style-type: none"> • Quarterly meeting with Constituent Council Contacts to maintain communication and provide updates. Minutes taken and distributed. • Ongoing exploration of new/expanded income opportunities (subject to Charter compliance). • Participation on Committees for Networking and education including: <ul style="list-style-type: none"> ○ Eastern Hoarding and Squalor Regional Public Health Planning Committee. ○ Immunisation Providers Network. ○ Immunisation Administration Network. ○ Environmental Health Managers Forum including sub-committees. ○ Environmental Health Australia state conference committee. 										

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<ul style="list-style-type: none"> ○ LGA/SIP Providers Strategic Working Group ○ Annual Food Auditors Forum ○ LGA/SIP Providers Strategic Working Group ○ COVID-19 LGRS operational Briefings 										
5.	Inability to recruit and retain appropriately qualified staff.	<ul style="list-style-type: none"> • Appropriate Staff recruitment process. • Appropriate Staff induction process. • Use of SEEK.COM for ongoing recruitment. • Comply with Awards and annual Award wage increases. • Professional development opportunities provided including study. • Create team work ethos/innovative culture. 	4	C	HIGH	<ul style="list-style-type: none"> • Conduct formal exit interviews. • Succession Plan for CEO in place. 	3	C	MODERATE	1	NC	Dec 202 10
										2	CEO	Dec-June 202 20

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<ul style="list-style-type: none"> Establish an intranet for internal communication. Code of Conduct and other staff policies in place. General Staff Meetings held bi-monthly – Agenda item 'Successes and Achievements'. Individual Performance Development process including identification of training needs. Staff Social Club functions. Annual Review of Job Descriptions. Continue to engage with tertiary providers of EHOs. Use of skilled agency staff for Immunisation roles. Staff engagement survey offered to all staff. 										
6.	A significant, unplanned, adverse event threatens operations of	<ul style="list-style-type: none"> Business Continuity Plan (BCP). Public Health Functional Emergency Management Plan (currently under review). 	3	B	MODERATE	<ul style="list-style-type: none"> Review BCP Note: Revised BCP provided by LGRS. Revised document currently being reviewed to align 	3	C	MODERATE	1	MT	JunDec 20220

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
	the organisation.	<ul style="list-style-type: none"> St Peters Town Hall Complex Facility Emergency Management Plan (EMP). Monitored fire alarm in place. Building evacuation and situation drills. Cloud based CIT environment including Disaster Recovery Module. IT back-up tapes off site and offsite storage of records. Preventative Maintenance Plans in place for building and equipment and regular inspections. Appropriate building, asset and business insurance in place. Key staff have mobile phones. Call diversion facility with Optus for business phones. Active monitoring of CIT environment by Comunet. Fraud/Cyber Awareness Training <u>Cyber Risk Assessment Action Plan – All High risk resolved</u> 				<ul style="list-style-type: none"> with COVID-19 implications. Test of the BCP to be undertaken affecting whole organisation (COVID 19). Review of Functional Emergency Management Plan (currently under review). CIT Disaster Recovery Plan in final stage of development. <p>Cyber Risk Assessment Action Plan – All High risk resolved and moderate risks in process of being resolved. Small number of low risks outstanding.</p> <p>Business Interruption Insurance Limits Review to be conducted – Awaiting</p>				3	MT	Dec 2020
										4	MT	June 2021
										2	CEO	Dec 2020
										2	CEO	Dec 2020
										2	CEO	Dec 2020
										2	CEO	Dec 2020

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<p><u>and moderate risks in process of being resolved. Small number of low risks outstanding.</u></p> <ul style="list-style-type: none"> <u>Business Interruption Insurance Limits Review conducted.</u> <u>Independent review of risk environment conducted.</u> 				<p><u>documentation from LGRS-contractor.</u></p> <ul style="list-style-type: none"> <u>Independent review of risk environment to be conducted – Awaiting documentation from LGRS-contractor.</u> 						

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
7.	Inadequate business processes and systems to deliver services.	<ul style="list-style-type: none"> Policy Manual. Internal Controls Register to manage risks. eg. fraud Standard Operating Procedures. Induction program to ensure all staff trained in correct use of organisational systems, Policies and Standard Operating Procedures. EHA High Performance Framework and Individual Performance Management Plan for all staff. Use of LGCS purchasing arrangements. Legal advice available when needed. Corporate Risk Summary. External Financial Audit undertaken. Service Agreement in place for maintenance of CIT systems. Gap analysis undertaken on all policies and procedures 	4	C	HIGH	<ul style="list-style-type: none"> Service Improvement Review for all programs, services, activities. <i>(rescheduled to 2020/2021)</i>Efficiency and Effectiveness Review. <i>(rescheduled to 2020/2021)</i>Explore the implementation of the Lean principles to identify areas of improvement and efficiencies. 	3	B	MODERATE	1	CEO	June 2021
										2	MT	June 2021
										2	MT	June 2021

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Corporate Risk Summary

	Risk Description	Initial Risk Rating	Revised Consequence	Revised Likelihood	Revised Risk Rating
1.	Serious breach of legislation (other than WH&S) ¹ duty of care, standards and agreements threatening operations.	HIGH	4	A	MODERATE
2.	WH&S system fails to prevent serious WHS injury	HIGH	4	C	HIGH
3.	Business Plan objectives not appropriate or not achieved.	MODERATE	3	C	MODERATE
4.	Unfavourable financial impact due to changes in government policy, or changes to service provision arrangements.	MODERATE	3	C	MODERATE
5.	Inability to recruit and retain appropriately qualified staff.	HIGH	3	C	HIGH
6	A significant, unplanned, adverse event threatens the continued operations of the organisation.	MODERATE	3	B	MODERATE
7.	Inadequate business processes and systems to deliver services.	HIGH	3	B	MODERATE

Risk Assessment

¹ WH&S addressed in Risk Description No 2.

Ref: MT – Management Team

Relevant Docs: Risk and Opportunity Management Policy – D15/5720[v4] & EHA Risk and Opportunity Framework D15/629[v2]

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Corporate Strategic Risks – Documentation of Key Risks and Opportunities

Date Updated: 18 August 2021

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
1.	Serious breach of legislation, duty of care, standards and agreements threatening operations	<ul style="list-style-type: none"> Staff trained in key legislation where appropriate. Clear reporting to Board on legislative requirements Delegations Register External Audit Charter Review Use of legal firms familiar with Local Government Operations. Professional Indemnity (PI) and Public liability (PL) Insurances in place and also built into all contracts. Business Plan contemplates the monitoring of compliance of statutory requirements identified in the Charter. Required staff subject to DCSI employment screening checks. 	4	A	MODERATE							

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<ul style="list-style-type: none"> National Police Checks for staff that are not subjected to DCSI employment screening checks. Enforcement Policy Completion of Enforcement Matrix to assist with decision of most appropriate enforcement strategy with consideration of the Enforcement Policy. Code of Conduct for Board Members and Staff Application of the Food Business Risk Classification System Policy Register including regular reviews Regular meetings with staff regarding use of delegated authority. Maintain and distribute list of applicable legislation & legal obligations. All non-compliance and best practice recommendations resulting from Governance Review have been implemented. Date Completed: 22/08/2019. 										

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<ul style="list-style-type: none"> LGA Member Access – appropriate staff provided with individual login access. Date completed: 30/11/2020. Distribution of LG Circulars is broadened to appropriate staff. Service Review Completed and copy of report provided to BoM and Audit Committee. 										
2.	WH&S system fails to prevent serious WHS injury.	<p><i>Safety and Security</i></p> <ul style="list-style-type: none"> Building Security Procedures in place including monitored security alarm and access tags which are audited. Duress alarms at reception. Worksafe Guardian – offsite duress monitoring system. Minimal cash on site at all times. 	5	B	HIGH	<ul style="list-style-type: none"> Ongoing Review and development of WH&S policies. Response team to be developed to deal with aggressive situations in short timeframe. Review of EH WHS Procedures to align with industry standards. 	4	C	HIGH	1	MT	Ongoing
										2	MT	June 2022
										1	NC	June 2022

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<ul style="list-style-type: none"> Staff training and awareness including dealing with aggressive people and Fire Safety. Regular inspection audits undertaken of all equipment. Internal Audit process conducted every 3 years. WHS System reviewed in regard to legislative changes. Annual Capital budget to provide for capital replacements as needed. (building and equipment maintenance). WH&S 3 year plan. Participation in Emergency Management Planning Committee meetings for St Peters Town Hall Complex. Emergency Management Plan. Working Remotely policy and checklist. Operational COVID-19 Safe Plan. Updated WHS staff induction presentation. 				<ul style="list-style-type: none"> Development of 3 Step WHS Risk Assessment. All staff to be educated in the implementation of the tool. 				2	MT	June 2022

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<p><i>Staff Health</i> Health policy in place including:</p> <ul style="list-style-type: none"> ○ All staff offered annual flu vaccinations. ○ At risk staff offered Hepatitis A & B and Diphtheria, Tetanus and Pertussis vaccinations as required. ○ Immunisation History of all staff requested, and vaccinations offered. ○ Inform staff to stay home if sick. ○ Participation in CHG Health Lifestyle Programs including Health Assessments and Skin ○ Ergonomic Workstation Assessments ○ Personal Protective Equipment. 										

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<ul style="list-style-type: none"> ○ WHS on all Team Meeting Agendas. ○ First Aid Kits in office and all motor vehicles. ○ Safe Operating Procedures specific for each area. ○ Annual CPR training. ○ Manual Handling Update. ○ WHS Training Register. <p><i>Other.</i></p> <ul style="list-style-type: none"> ● Risk Assessments undertaken for all function activities. ● Maintain and distribute list of applicable WHS legislation & legal obligations. 										
3.	Business Plan objectives not appropriate or not achieved.	<ul style="list-style-type: none"> ● Annual Business Plan in place. ● Annual Business Plan supported by appropriate Budget. ● Annual review of Annual Business Plan undertaken 	3	C	MODERATE	Review and implement service review recommendations as agreed with the BoM and Constituent Councils.	3	C	MODERATE	1	CEO	June 2022

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		including requests for input from Constituent Councils. <ul style="list-style-type: none"> Annual Report detailing activities and achievements. Annual evaluation of EHA's performance against the performance measures contained within the Business Plan Organisational structure provides effective leadership. Benchmarking/Comparison Report developed and presented to the Board of Management. Quarterly meeting with Constituent Council Contacts to maintain communication and provide updates. Minutes taken and distributed. Service Review finalised. 										
4.	Unfavourable financial impact due to changes in government	<ul style="list-style-type: none"> Report to Board and Constituent Councils on financial and operational impact 	3	C	MODERATE	<ul style="list-style-type: none"> Continue to identify opportunities for other board membership and 	3	C	MODERATE	1	MT	Ongoing

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
	policy or changes to service provision arrangements.	of changes to government policy. <ul style="list-style-type: none"> • Regular financial reporting to the Board and Audit Committee. • Statutory Budget reviews undertaken. • Long Term Financial Plan (LTFP) in place and reviewed annually. • Annual Capital budget to provide for capital replacements as needed and for building and equipment maintenance. • External Audit conducted annually. • Grant funding opportunities monitored. • Public image/Reputation maintained through: <ul style="list-style-type: none"> ○ Internet Web site. Revision of information material. ○ Promotion of services at Constituent Councils. 				participation on other committees for networking.						

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<ul style="list-style-type: none"> • Quarterly meeting with Constituent Council Contacts to maintain communication and provide updates. Minutes taken and distributed. • Ongoing exploration of new/expanded income opportunities (subject to Charter compliance). • Participation on Committees for Networking and education including: <ul style="list-style-type: none"> ○ Eastern Hoarding and Squalor Regional Public Health Planning Committee. ○ Immunisation Providers Network. ○ Immunisation Administration Network. ○ Environmental Health Managers Forum including sub-committees. ○ Environmental Health Australia state conference committee. 										

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<ul style="list-style-type: none"> ○ LGA/SIP Providers Strategic Working Group ○ Annual Food Auditors Forum ○ LGA/SIP Providers Strategic Working Group ○ COVID-19 LGRS operational Briefings 										
5.	Inability to recruit and retain appropriately qualified staff.	<ul style="list-style-type: none"> • Appropriate Staff recruitment process. • Appropriate Staff induction process. • Use of SEEK.COM for ongoing recruitment. • Comply with Awards and annual Award wage increases. • Professional development opportunities provided including study. • Create team work ethos/innovative culture. 	4	C	HIGH	<ul style="list-style-type: none"> • Conduct formal exit interviews. • Succession Plan for CEO in place. 	3	C	MODERATE	1	NC	Dec 2021
										2	CEO	June 2022

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		<ul style="list-style-type: none"> Establish an intranet for internal communication. Code of Conduct and other staff policies in place. General Staff Meetings held bi-monthly – Agenda item ‘Successes and Achievements’. Individual Performance Development process including identification of training needs. Staff Social Club functions. Annual Review of Job Descriptions. Continue to engage with tertiary providers of EHOs. Use of skilled agency staff for Immunisation roles. Staff engagement survey offered to all staff. 										
6.	A significant, unplanned, adverse event threatens operations of	<ul style="list-style-type: none"> Business Continuity Plan (BCP). Public Health Functional Emergency Management Plan (currently under review). 	3	B	MODERATE	<ul style="list-style-type: none"> Review BCP Note: Revised BCP provided by LGRS. Revised document currently being reviewed to align 	3	C	MODERATE	1	MT	June 2022

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Eastern Health Authority Corporate Risk Summary

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	the organisation.	<ul style="list-style-type: none"> St Peters Town Hall Complex Facility Emergency Management Plan (EMP). Monitored fire alarm in place. Building evacuation and situation drills. Cloud based CIT environment including Disaster Recovery Module. IT back-up tapes off site and offsite storage of records. Preventative Maintenance Plans in place for building and equipment and regular inspections. Appropriate building, asset and business insurance in place. Key staff have mobile phones. Call diversion facility with Optus for business phones. Active monitoring of CIT environment by Comunet. Fraud/Cyber Awareness Training Cyber Risk Assessment Action Plan – All High risk resolved 				<ul style="list-style-type: none"> with COVID-19 implications. Test of the BCP to be undertaken affecting whole organisation (COVID 19). Review of Functional Emergency Management Plan (currently under review). CIT Disaster Recovery Plan in final stage of development. 				3	MT	Dec 2020
										4	MT	June 2021
										2	CEO	Dec 2020
										2	CEO	Dec 2020

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
		and moderate risks in process of being resolved. Small number of low risks outstanding. <ul style="list-style-type: none"> • Business Interruption Insurance Limits Review conducted. • Independent review of risk environment conducted. 										

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Eastern Health Authority Corporate Risk Summary

Ref	Risk Description	Current Controls in place	Consequence	Likelihood	Rating	Future Controls to be put in place	Consequence	Likelihood	Revised Rating	Priority	Resp	Timeframe
7.	Inadequate business processes and systems to deliver services.	<ul style="list-style-type: none"> Policy Manual. Internal Controls Register to manage risks. eg. fraud Standard Operating Procedures. Induction program to ensure all staff trained in correct use of organisational systems, Policies and Standard Operating Procedures. EHA High Performance Framework and Individual Performance Management Plan for all staff. Use of LGCS purchasing arrangements. Legal advice available when needed. Corporate Risk Summary. External Financial Audit undertaken. Service Agreement in place for maintenance of CIT systems. Gap analysis undertaken on all policies and procedures 	4	C	HIGH	<ul style="list-style-type: none"> Service Improvement Review for all programs, services, activities. <i>(rescheduled to 2020/2021)</i>Efficiency and Effectiveness Review. <i>(rescheduled to 2020/2021)</i>Explore the implementation of the Lean principles to identify areas of improvement and efficiencies. 	3	B	MODERATE	1	CEO	June 2021
										2	MT	June 2021
										2	MT	June 2021

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5.5 EASTERN HEALTH AUTHORITY (EHA) AUDIT COMMITTEE ANNUAL REPORT EVALUATION 2020/2021

Author: Michael Livori
Ref: AF16/97

Summary

Clause 12 of the Audit Committee Terms of Reference provides details in relation to the Annual Review and Reporting to the Board Committee in relation to its own performance to ensure it is operating at maximum effectiveness. The Audit Committee has prepared an Annual Report Evaluation 2020/2021 for the Board of Management.

Report

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

12. ANNUAL REVIEW AND REPORTING TO BOARD COMMITTEE

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

The report as attached (attachment 1) summaries the work of the Audit Committee's activities undertaken during the 2020/2021 year.

The EHA Audit Committee Annual Report Evaluation 2020/2021 report is a summary and a tool for self-evaluation by Audit Committee Members. The report also identifies any training needs and future Audit Work Plan proposals.

RECOMMENDATION

That:

- 1 The report titled EHA Audit Committee Annual Report Evaluation 2020/2021 is received.
- 2 The EHA Audit Committee Annual Report Evaluation 2020/2021 as detailed in attachment 1 to this report is presented to the Board of Management for consideration.



EHA Audit Committee

Annual Report Evaluation FY2021

Background

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

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

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

This report presents a summary of Eastern Health Authority (EHA) Audit Committee’s activities during the FY2021 year.

Conduct of Meetings

The Committee met on 3 occasions during 2020-2021. The table below provides membership and meetings attended:

Meeting Dates
26 August 2020
15 December 2020
3 June 2021

Committee Membership	Term Expiry	Number of Meetings Attended
Claudia Goldsmith – Presiding Member	16 February 2022	3
Madeleine Vezis	16 February 2022	3
Peter Cornish		3

Role of Audit Committee

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

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

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

- Financial reporting, sustainability and accounting policies.

- Risk Management and Internal control procedures.
- External Audit function (EHA's financial auditors).
- Internal Audit and compliance including efficiency and effectiveness. audits, if required.

During FY2021 Committee members attended the following training courses/sessions:

Training Course/Session	Date	Provider	Members Attending
Nil	N/a	N/a	N/a

Cost of Audit Committee

Audit Committee Membership FY2021	Fees Paid FY 2021
Claudia Goldsmith – Presiding Member	\$1,350
Madeleine Vezis	\$700
Peter Cornish	\$0

Number of Outstanding Resolutions:

No	Outstanding Resolution	Status
Nil		

Audit Committee Evaluation

During July - August 2021 the Committee undertook a self-assessment of its performance by way of a Questionnaire (All members surveyed).

Below is a summary of the self-assessment.

			Member 1	Member 2	Member 3
1	Is the Committee satisfied that its current Terms of Reference are appropriate?	Yes/No	Yes. Annual review completed in December 2020 with key amendments relating to maximum term of members, eligibility for re- appointment, and Constituent Council approval of committee membership.	Yes. The Terms of Reference have been discussed by the Committee and updated accordingly.	Yes, we undertook a reviewed of the Terms of Reference during the last 12 months.
2	Does the work program address the Terms of Reference and is it achievable?	Yes/No	Yes	Yes.	Yes
3	Is the Committee satisfied that it is effectively monitoring Risk Management & internal Controls	Yes/No	“For discussion at meeting”	Adequate processes have been established to review risk management and internal control activities undertaken. There is room for improvement in relation to the effectiveness of the process established to better align internal controls to	There are adequate processes in for the size and work of the Authority. However additional work is always required.

			Member 1	Member 2	Member 3
				both strategic and operational risks.	
4	Is there sufficient time allocated during the meetings to adequately discuss agenda items?	Yes/No	Yes	Yes.	Yes
5	Are the reports prepared for the meetings sufficiently comprehensive to allow you to make informed decisions?	Yes/No	Yes	Yes.	Yes
6	Does the Committee believe it is adequately informed on current and emerging trends and factors?	Yes/No	Yes	Yrs.	Yes
7	The Committee size is adequate	Yes/No	Yes	Yes.	Yes
8	The frequency and duration of meetings are sufficient to ensure effective committee governance	Yes/No	Primarily yes, however more frequent meetings may provide for more continuity.	Yes. The frequency and duration of the meetings is adequate, however consideration could be given to the timing of meetings in relation to the Board meetings. This would allow the Committee to provide greater	Yes, I agree with the other statement provided.

			Member 1	Member 2	Member 3
				value by providing input into issues and/or papers before they are presented to the Board.	

			Member 1	Member 2	Member 3	Average
9	How do you rate the overall efficiency and effectiveness of the Committee?	Use a scale of 1 to 5 where 1 is poor and 5 is excellent	4	4	4	4
10	How do you rate the performance of the Chairperson in preparing for and conducting meetings?	Use a scale of 1 to 5 where 1 is poor and 5 is excellent	N/a	5	5	5
11	How do you rate the performance of the other members of the Committee in fulfilling their role on the Committee	Use a scale of 1 to 5 where 1 is poor	5	5	5	5

		and 5 is excellent				
12	How do you rate the performance of the staff in facilitating the committee's role and function?	Use a scale of 1 to 5 where 1 is poor and 5 is excellent	5	5	5	5
13	Do you have any suggestions for improving any aspect of the Committee's, performance, role or function?	Yes/No	The Committee's contribution would be enhanced if resource constraints permitted cyclical independent internal audit reviews of areas deemed high risk and for the purposes of providing independent assurance to the EHA Board.	The ability to focus on strategic risks and associated internal controls would provide an opportunity to use limited resources in areas of most value to EHA.	Nothing additional.	

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

Training/Professional Development Need	Committee Member
Nil	Nil

Chairperson's Comments**Annual Report FY2021****Presiding Member Report**

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

The Audit Committee has a good mix of skills, knowledge and experience and demonstrates a questioning culture.

The Audit Committee has this year continued to provide assistance and improvement recommendations to EHA in the effective conduct of its financial reporting, risk management, policy review and development, and internal control monitoring.

The Committee also reviewed and commented on Management's response to the FY2020 Audit Findings, received an update on the Cyber Risk Action Plan, and will continue to monitor the implementation of the corrective actions proposed by Management.

Other activities undertaken include the review of the:

- Finance Report and Budget;
- Annual Business Plan;
- 2019-20 Financial Statements, external Audit Management letter and meeting with the External Auditor;
- Internal Controls Register;
- Corporate Risk Register;
- EHA Charter
- Audit Committee Terms of Reference.

On behalf of the Audit Committee, I thank the CEO and the Administration for their support and assistance, and in providing comprehensive and understandable reports which has ensured effective governance by the Committee throughout FY 2021.

Claudia Goldsmith
Presiding Member