

FOOD BUSINESS AUDIT FEE POLICY

Policy Reference	GOV06
Date of initial Board Adoption	22 October 2008
Minutes Reference	6: 26062019
Date of Audit Committee endorsement (if applicable)	N/A
Date last reviewed by Eastern Health Authority Board of Management	9 June 2023
<i>Relevant Document Reference</i>	Guidelines prepared by LGA for Councils – Audit Fees, <i>Food Act 2001</i> Model Letter of Engagement prepared by LGA for Councils – Auditing Services for Food Safety Program Department of Health Guidelines for Auditors of Mandatory Food Safety Programs
<i>Applicable legislation</i>	Food Act 2001

1. Purpose

To outline the circumstances that fees are applied for the audit of food safety programs as provided by section 188 of the *Local Government Act 1999*.

To specify the rate at which audit fees are charged.

2. Scope

This policy applies to high risk food businesses that:

- i. are identified by the Department of Health's Priority Classification System as Priority 1
- ii. are required by Standard 3.3.1 of the *Australia New Zealand Food Standard Code* to implement a documented and audited food safety program
- iii. engage the Eastern Health Authority to provide food safety auditing services.

3. Definitions

'Community organisation' - any group, club or organisation that provides a community benefit and not for the personal financial gain of an individual person or group of people. Examples include Rotary, Lions, church groups, community sporting clubs and scouting groups.

(To determine if an organisation fits this category, an Australian Taxation Office certificate of 'Endorsement as a Tax Concession Charity' may be requested.)

Desktop Audit/Audit Preparation/Administration – an auditor undertaking:

- preparation relating to a food safety program for the purpose of preparing for an onsite audit; or
- reviewing corrective action(s) taken by a food business; or
- administration in relation to the audit process including reporting, enquiries, communication and records management.

'Onsite Audit' – an audit conducted at a scheduled frequency determined by the priority classification and assigned audit frequency.

'Follow-up Desktop Audit' –documentation review conducted in the auditor's office to address non-conformance(s) with the business' food safety program identified during the onsite audit.

'Re-audit – Onsite Follow-up Audit' – an audit carried out as a result of non-compliance with the Food Safety Standards or non-conformance with the business' food safety program.

4. Principles

As an enforcement agency, local government has responsibilities under Part 7 of the *Food Act 2001* which relate to auditing. Additionally, local government is an employer of Department of Health approved auditors and may be engaged by a food business to provide food safety auditing services.

The priority classification system approved by the Department of Health recommends the initial audit frequency of high risk, Priority 1 businesses to be six monthly. The outcomes of two audits are required to establish a compliance history that can allow for the adjustment of audit frequency. Audit frequency may vary between three and twelve months. Guidance on the adjustment of audit frequency is outlined in the 'Guidelines for Auditors of Mandatory Food Safety Programs' (Department of Health, September 2008).

The *Food Act 2001* and *Food Regulations 2002* do not prescribe the charges that local councils can apply for providing food safety auditing services. However, pursuant to Section 188 of the *Local Government Act 1999* a council may impose fees and charges for services supplied to a person at their request.

Food safety audit fees are not listed under division 81 of the GST Act for exemption and as a result, GST will apply to audit fees set by the Authority.

Minimum fees applicable to each component of an audit are shown in the tables below. Fees thereafter are calculated on 15 minutes increments and rounded down to the nearest quarter hour.

Minimum Fee	Audit Component
1.0 hour	Onsite audit
	Re-audit – Onsite Follow-up
0.5 hour	Desktop audit & audit preparation / administration
	Travel
	Follow-up desktop audit & administration

A letter of engagement provided to the proprietor of a food business will estimate the audit fees that will apply to the business.

4.1 Onsite Audit

An hourly rate of \$200.00 (including GST) will apply to onsite audits.

4.2 Desktop Audit & Audit Preparation and Administration

An hourly rate of \$100.00 (including GST) will apply to audit preparation and administration undertaken in the auditor's office.

An hourly rate of \$200.00 (including GST) will apply to desktop audits undertaken onsite at the business. Desktop audits performed onsite incur all costs applicable to an onsite audit, there the same fee applies.

4.3 Follow-up Desktop Audit & Administration

An hourly rate of \$100.00 (including GST) will apply to follow-up desktop audits and administration undertaken in the auditor's office.

Follow-up desktop audits requiring more than 1 hour will be conducted onsite at the facility at an hourly rate specified in 4.4 of the Policy.

4.4 Re-audit – Onsite Follow-up Audits

An hourly rate of \$200.00 (including GST) will apply to onsite re-audits.

4.5 Travel

An hourly rate of \$100.00 (including GST) will apply to travel when an onsite audit, desktop audit or re-audit is conducted of a business that is located outside of the boundaries of the Council areas serviced by the Authority.

4.6 Exemptions

4.6.1 Community Organisations

Audit fees imposed upon community and charitable organisations will be subsidised at a rate of 20%.

This exemption applies only to those community and charitable organisations located within the boundaries of the constituent council areas.

5. Review of the Food Business Audit Fee Policy

Every 12 months or as needed.

6. Statement of Adoption

The Policy was adopted by the Board of the Eastern Health Authority on 22 October 2008.