



Audit Committee Meeting

8 December 2021



local councils working together to protect the health of the community



**EASTERN HEALTH AUTHORITY
AUDIT COMMITTEE MEETING**

WEDNESDAY 8 December 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 8 December 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 8 December 2021
Commencing at 5.00 pm

1	Opening	
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5.1 FINANCE REPORT AND FIRST (SEPTEMBER 2021) BUDGET REVIEW FOR 2021/2022

Author: Michael Livori
Ref: AF21/3

Summary

So that members can ensure that Eastern Health Authority (EHA) is operating according to its adopted budget, financial performance is regularly monitored, and statutory budget reviews are considered.

In accordance with regulation 9 of the *Local Government (Financial Management) Regulations 2011*,

- (1) *A council, council subsidiary or regional subsidiary must prepare and consider the following reports:*
- (a) *at least twice, between 30 September and 31 May (both dates inclusive) in the relevant financial year (where at least 1 report must be considered before the consideration of the report under sub regulation (1)(b), and at least 1 report must be considered after consideration of the report under sub regulation (1)(b))—a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances;*
 - (b) *between 30 November and 15 March (both dates inclusive) in the relevant financial year—a report showing a revised forecast of each item shown in its budgeted financial statements for the relevant financial year compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.*

This report provides the first of the budget reviews required in accordance with regulation 9 (1) and relates to the financial performance of EHA between 1 July 2021 and 30 September 2021. It provides the opportunity to amend the adopted budget in line with revised projections of income and expenditure for the 2021/2022 financial year. The report was considered by the Board of Management at its meeting held on 17 November 2021.

Report

The table below gives a simple analysis of year to date income, expenditure and operating result.

Eastern Health Authority - Financial Statement (Level 1)				
1 July 2021 to 30 September 2021				
	Actual	Budgeted	\$ Variation	% Variation
Total Operating Expenditure	\$611,933	\$666,764	(\$54,831)	-8%
Total Operating Income	\$995,531	\$1,013,380	(\$17,849)	-2%
Operating Result	\$383,598	\$346,615	\$36,982	11%

The table shows that for the reporting period income was **(\$17,849) (-2%)** less than budgeted and expenditure was **(\$54,831) (-8%)** less than budgeted. The net result is a variation of **\$36,982 (11%)** on the budgeted year to date comparative operating result.

More detailed information is provided in Attachment 1. The attachment provides detail on year to date performance of individual budget lines. Any variation greater than \$5,000 is detailed in the table below with explanatory comments.

Summary Table of Funding Statement Variations				
Income				
Favourable variances are shown in black and unfavourable variances are shown in red .				
Description	YTD Budget	YTD Actual	YTD Variation	Comment
Income				
Fines and Expiations	\$12,497	\$4,545	(\$7,951)	Less than budgeted expiations issued this period. No budget variation requested at this point in time.
Total of Income Variations Requested				Nil
Expenditure				
Favourable variances are shown in black and unfavourable variances are shown in red .				
Description	YTD Budget	YTD Actual	YTD Variation	Comment
Expenditure				
Employee costs	\$473,544	\$443,945	(\$29,598)	Maternity leave/ Long service leave. No budget variation requested at this point in time.
IT Support	\$8,667	\$8,531	(\$135)	Upgrade of Electronic Records Management System "Content Manager" Variation of \$24,000 requested
Depreciation amortisation and impairment	\$37,000	\$30,000	(\$7,000)	Review of depreciation amortisation and impairment. Variation of (\$24,000) requested

Total of Expenditure Variations Requested	\$0
Net Result of Variations Requested	\$0

IT Support Requested Variation

EHA have been made aware that a new software upgrade (to Version 10) for its Electronic Records Management System – “Content Manager” is required. EHA are currently using version 9.3 which was installed in January 2019 and was the latest version at the time of install. Microfocus have advised that this version (9.3) will become unsupported from the end of October 2021. FYB have advised that Microfocus set the life of a version and each version varies, usually between 2 and 3.5 years.

FYB have indicated that once a product becomes unsupported Microfocus will no longer provide support for this product for any issues that may arise. This means that if there is a problem with Content Manager and FYB don't have the fix for it, they will not get any support from Microfocus on the issue. This does not mean that we can't get ongoing general support and help from FYB, but we do run the risk that the issue won't be able to be resolved.

In summary, it is recommended that an upgrade to version 10 of the software occurs in late 2021 / early 2022 to ensure we continue to be supported and maintain a secure environment. FYB have provided us with a proposal for upgrading the Eastern Health Authority Content Manager's Electronic Document and Records Management System (EDRMS), Content Manager version 9.3 to 10.

Adjustments relating to 2020/2021 Audit

The first budget review for the financial year is required to take into account any differences between the adopted financial statements for 2020/2021 and the audited financial statements for the previous year. The relevant figures from the 2020/2021 audited financial statements have now been incorporated into the financial statement for 2021/2022. The incorporation of these figures has no impact on the estimated operating result.

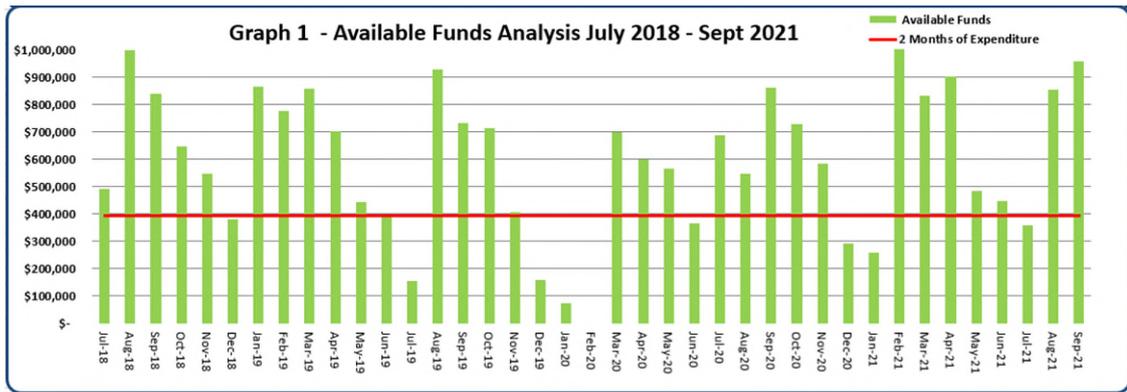
Included as Attachment 2 is a copy of the revised 2021/2022 Budgeted Statutory Financial Statements which include the:

- Revised Statement of Comprehensive Income
- Revised Statement of Cash flows
- Revised Statement of Financial Position
- Revised Statement of Changes in Equity

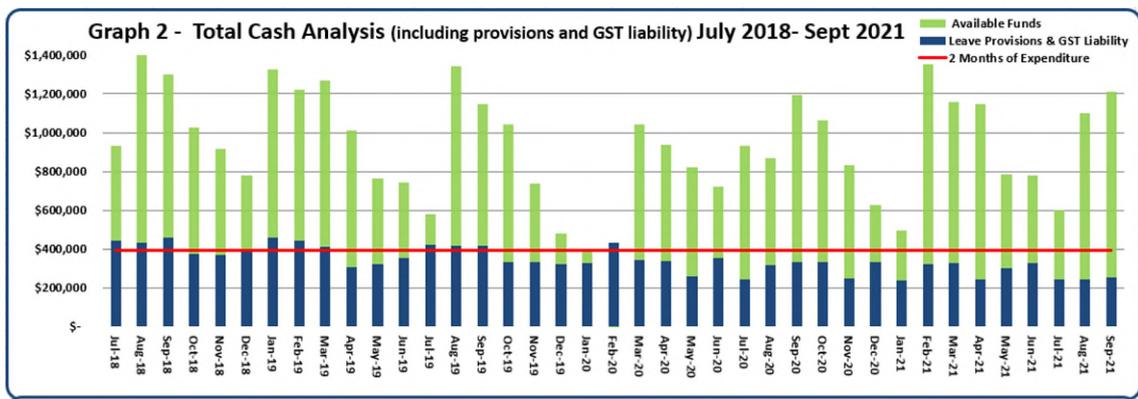
Cash Management

A Bank Reconciliation and Available Funds report for the period ending 30 September 2021 is provided as attachment 3. It shows that available funds were \$957,494 at 30 September 2021 in comparison with \$448,840 on 30 June 2021.

Graph 1 which follows details the level of available funds (total cash minus leave provisions and GST liability) for the preceding 5 year period.



Graph 2 below details the total level of cash on hand including leave provisions and GST liability.



The red line in both graphs indicates the target minimum levels of cash that are recommended to be held for working capital (equivalent to 2 months expenditure). The graphs show that the lowest levels of cash available in the annual cash cycle have generally maintained this target.

RECOMMENDATION

That:

1. The Finance Report and First (September 2021) Budget Review for 2021/2022 report be received.

Eastern Health Authority - Financial Statement (Level 3)				
1 July 2021 to 30 September 2021				
Income	Actual	Budgeted	\$ Variation	% Variation
Constituent Council Income				
City of Burnside	\$224,286	\$224,286	\$0	0%
City of Campbelltown	\$239,149	\$239,149	\$0	0%
City of NPS	\$285,893	\$285,893	\$0	0%
City of Prospect	\$112,949	\$112,949	\$0	0%
Town of Walkerville	\$51,855	\$51,855	\$0	0%
Total Constituent Council Contributions	\$914,132	\$914,132	\$0	0%
Statutory Charges				
Food Inspection fees	\$31,239	\$30,500	\$739	2%
Legionella registration and Inspection	\$1,816	\$2,000	(\$184)	-9%
Fines & Expiation Fees	\$4,545	\$12,497	(\$7,952)	-64%
Total Statutory Charges	\$37,601	\$44,997	(\$7,396)	-16%
User Charges				
Immunisation: Clinic Vaccines	\$12,606	\$15,000	(\$2,394)	-16%
Immunisation: Worksites Vaccines	\$1,544	\$0	\$1,544	0%
Immunisation: Clinic Service Fee	\$490	\$0	\$490	0%
Food Auditing	\$15,728	\$20,000	(\$4,272)	-21%
Total User Charges	\$30,368	\$35,000	(\$4,632)	-13%
Grants, Subsidies, Contributions				
Child Immunisation Register	\$2,256	\$4,500	(\$2,244)	-50%
PHN Project	\$9,500	\$9,500	\$0	0%
Total Grants, Subsidies, Contributions	\$11,756	\$14,000	(\$2,244)	-16%
Investment Income				
Interest on investments	\$332	\$2,500	(\$2,168)	-87%
Total Investment Income	\$332	\$2,500	(\$2,168)	-87%
Other Income				
Motor Vehicle re-imburements	\$1,145	\$1,000	\$145	15%
Sundry Income	\$197	\$1,751	(\$1,554)	-89%
Total Other Income	\$1,342	\$2,751	(\$1,409)	-51%
Total of non Constituent Council Income	\$81,399	\$99,248	(\$17,849)	-18%
Total Income	\$995,531	\$1,013,380	(\$17,849)	-2%

Eastern Health Authority - Financial Statement (Level 3)				
1 July 2020 to 31 December 2020				
Expenditure	Actual	Budgeted	\$ Variation	% Variation
Employee Costs				
Salaries & Wages	\$382,683	\$417,794	(\$35,112)	-8%
Superannuation	\$42,738	\$36,250	\$6,488	18%
Workers Compensation	\$18,525	\$18,000	\$525	3%
Medical Officer Retainer	\$0	\$1,500	(\$1,500)	-100%
Total Employee Costs	\$443,946	\$473,544	(\$29,599)	-6%
Prescribed Expenses				
Auditing and Accounting	\$13,428	\$15,000	(\$1,573)	-10%
Insurance	\$17,329	\$15,000	\$2,329	16%
Maintenance	\$5,137	\$11,250	(\$6,113)	-54%
Vehicle Leasing/maintenance	\$6,030	\$4,896	\$1,134	23%
Total Prescribed Expenses	\$41,924	\$46,146	(\$4,222)	-26%
Rent and Plant Leasing				
Electricity	\$2,155	\$2,750	(\$595)	-22%
Plant Leasing Photocopier	\$871	\$750	\$121	16%
Water	\$0	\$75	(\$75)	-100%
Gas	\$0	\$675	(\$675)	-100%
Total Rent and Plant Leasing	\$3,026	\$4,250	(\$1,224)	-29%
IT Licensing and Support				
IT Licences	\$25,375	\$26,000	(\$625)	-2%
IT Support	\$8,532	\$8,667	(\$135)	-2%
Internet	\$3,396	\$2,750	\$646	23%
IT Other	\$327	\$500	(\$173)	-35%
Total IT Licensing and Support	\$37,630	\$37,917	(\$287)	-1%
Administration				
Administration Sundry	\$1,885	\$1,500	\$385	26%
Accreditation Fees	\$0	\$750	(\$750)	-100%
Board of Management	\$1,184	\$3,000	(\$1,816)	-61%
Bank Charges	\$1,041	\$1,000	\$41	4%
Public Health Sundry	\$251	\$1,250	(\$999)	-80%
Fringe Benefits Tax	\$3,568	\$3,750	(\$182)	-5%
Health promotion	\$0	\$1,250	(\$1,250)	-100%
Legal	\$3,612	\$5,000	(\$1,388)	-28%
Printing & Stationery & Postage	\$9,523	\$5,000	\$4,523	90%
Telephone	\$7,368	\$4,750	\$2,618	55%
Occupational Health & Safety	\$1,388	\$2,500	(\$1,112)	-44%
Rodenticide	\$0	\$500	(\$500)	-100%
Staff Amenities	\$200	\$1,750	(\$1,550)	-89%
Staff Training	\$2,855	\$5,500	(\$2,645)	-48%
Human Resource Sundry	\$45	\$4,000	(\$3,955)	-99%
Total Administration	\$32,918	\$41,500	(\$8,582)	-21%

Eastern Health Authority - Financial Statement (Level 3)				
1 July 2021 to 30 September 2021				
Immunisation				
Immunisation SBP Consumables	\$1,654	\$2,250	(\$596)	-26%
Immunisation clinic vaccines	\$7,961	\$8,750	(\$789)	-9%
Immunisation worksite vaccines	\$24	\$0	\$24	0%
Total Immunisation	\$9,639	\$11,000	(\$1,361)	-12%
Sampling				
Legionella Testing	\$366	\$497	(\$131)	-26%
Total Sampling	\$366	\$497	(\$131)	-26%
Finance Costs				
Interest on Loan	\$0	\$2,238	(\$2,238)	-100%
Interest - Building Lease	\$9,812	\$10,000	(\$188)	-2%
Total Finance Costs	\$9,812	\$ 12,238	(\$2,425)	-20%
Total Materials, contracts and other expenses	\$135,315	\$153,547	(\$18,232)	-12%
Depreciation - Building Lease	\$24,000	\$30,000	(\$6,000)	-20%
Depreciation - Motor Vehicle Lease	\$6,000	\$7,000	(\$1,000)	-14%
Finance Costs	\$2,672	\$2,672	\$0	0%
Total Operating Expenditure	\$611,933	\$666,764	(\$54,831)	-8%
Total Operating Income	\$995,531	\$1,013,380	(\$17,849)	-2%
Operating Result	\$383,598	\$346,615	\$36,982	11%

EASTERN HEALTH AUTHORITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 JUNE 2022				
AUDITED RESULTS 2020/2021		ADOPTED BUDGET 2021/2022	SEPTEMBER REVIEW	REVISED BUDGET 2021/2022
	INCOME			
1,790,675	Council Contributions	1,828,263		1,828,263
31,190	Public Health Plan / Service Review Contributions	-		-
150,625	Statutory Charges	181,500	-	181,500
236,151	User Charges	256,000	-	256,000
256,514	Grants, subsidies and contributions	254,000	-	254,000
4,901	Investment Income	10,000	-	10,000
4,549	Other Income	11,000	-	11,000
2,474,605	TOTAL INCOME	2,540,763	-	2,540,763
	EXPENSES			
1,635,933	Employee Costs	1,802,000	-	1,802,000
509,065	Materials, contracts and other expenses	526,000	24,000	550,000
48,445	Finance Charges	44,209	(1,209)	43,000
190,797	Depreciation	168,554	(23,277)	145,277
2,384,240	TOTAL EXPENSES	2,540,763	(486)	2,540,277
90,365	Operating Surplus/(Deficit)	-	486	486
	Net gain (loss) on disposal of assets	-	-	-
90,365	Net Surplus/(Deficit)	-	486	486
90,365	Total Comprehensive Income	-	486	486

EASTERN HEALTH AUTHORITY STATEMENT OF CASH FLOWS				
FOR THE YEAR ENDING 30 JUNE 2022				
AUDITED RESULTS 2020/2021		DRAFT BUDGET 2021/2022	SEPTEMBER REVIEW	REVISED BUDGET 2021/2022
	CASHFLOWS FROM OPERATING ACTIVITIES			
	Receipts			
1,821,865	Council Contributions	1,828,263	-	1,828,263
150,625	Fees & other charges	181,500	-	181,500
227,736	User Charges	256,000	-	256,000
5,757	Investment Receipts	10,000	-	10,000
256,514	Grants utilised for operating purposes	254,000	-	254,000
4,549	Other	11,000	-	11,000
	Payments			
(1,637,628)	Employee costs	(1,802,000)		(1,802,000)
(525,832)	Materials, contracts & other expenses	(652,166)	127,359	(524,807)
(49,988)	Finance Payments	(44,209)	-	(43,000)
253,598	Net Cash Provided/(Used) by Operating Activities	42,388	127,359	170,956
	CASH FLOWS FROM FINANCING ACTIVITIES			
	Loans Received	-	-	-
(70,732)	Repayment of Borrowings	(76,131)	-	(76,131)
(121,280)	Repayment of Finance Lease Liabilities		(102,873)	(102,873)
(192,012)	Net Cash Provided/(Used) by Financing Activities	(76,131)	(102,873)	(179,004)
	CASH FLOWS FROM INVESTING ACTIVITIES			
	Receipts			
	Sale of Replaced Assets	-	-	-
	Payments			
	Expenditure on renewal / replacements of assets	-	-	-
	Expenditure on new / upgraded assets	-	-	-
	Distributions paid to constituent Councils	-	-	-
-	Net Cash Provided/(Used) by Investing Activities	-	-	-
61,586	NET INCREASE (DECREASE) IN CASH HELD	(33,743)	24,486	(9,257)
721,310	CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD	694,220	88,676	782,896
782,896	CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	660,477	113,162	773,639

EASTERN HEALTH AUTHORITY STATEMENT OF FINANCIAL POSITION				
FOR THE YEAR ENDING 30 JUNE 2022				
AUDITED RESULTS 2020/2021		DRAFT BUDGET 2021/2022	SEPTEMBER REVIEW	REVISED BUDGET 2021/2022
	CURRENT ASSETS			
782,896	Cash and Cash Equivalents	660,477	113,162	773,639
188,901	Trade & Other Receivables	155,650	33,251	188,901
971,797	TOTAL CURRENT ASSETS	816,127	146,413	962,540
	NON-CURRENT ASSETS			
1,300,714	Infrastructure, property, plant and equipment	1,129,957	25,480	1,155,437
1,300,714	TOTAL NON-CURRENT ASSETS	1,129,957	25,480	1,155,437
2,272,511	TOTAL ASSETS	1,946,084	171,893	2,117,977
	CURRENT LIABILITIES			
163,940	Trade & Other Payables	157,719	6,221	163,940
307,903	Provisions	307,885	18	307,903
177,021	Borrowings	38,391	138,630	177,021
648,864	TOTAL CURRENT LIABILITIES	503,995	144,869	648,864
	NON-CURRENT LIABILITIES			
21,716	Provisions	38,690	(16,974)	21,716
1,036,687	Borrowings	956,520	(98,835)	857,685
1,058,403	TOTAL NON-CURRENT LIABILITIES	995,210	(115,809)	879,401
1,707,267	TOTAL LIABILITIES	1,499,205	29,060	1,528,265
322,933	NET CURRENT ASSETS/(CURRENT LIABILITIES)	312,132	1,544	313,676
565,244	NET ASSETS	446,879	142,833	589,712
	EQUITY			
565,244	Accumulated Surplus/(Deficit)	446,879	118,833	565,712
565,244	TOTAL EQUITY	446,879	118,833	565,712

EASTERN HEALTH AUTHORITY STATEMENT OF CHANGES IN EQUITY				
FOR THE YEAR ENDING 30 JUNE 2022				
AUDITED RESULTS 2020/2021		DRAFT BUDGET 2021/2022	SEPTEMBER REVIEW	REVISED BUDGET 2020/2021
	ACCUMULATED SURPLUS			
474,879	Balance at beginning of period	446,879	118,347	565,226
90,365	Net Surplus/(Deficit)	-	486	486
565,244	BALANCE AT END OF PERIOD	446,879	118,833	565,712
	TOTAL EQUITY			
474,879	Balance at beginning of period	446,879	118,347	565,226
90,365	Net Surplus/(Deficit)	-	486	486
565,244	BALANCE AT END OF PERIOD	446,879	118,833	565,712

Eastern Health Authority			
Bank Reconciliation as at 30 September 2021			
Bank SA Account No. 141/0532306840			
Balance as per Bank Statement 30 September 2021			\$231,720.65
Plus Outstanding cheques	\$	-	
Add Outstanding deposits	\$	-	
BALANCE PER General Ledger			<u>\$231,720.65</u>
GST as 30 September 2021			
GST Collected	\$94,772.62		
GST Paid	<u>(\$16,838.99)</u>		
Net GST Claimable (Payable)	<u>\$77,933.63</u>		
Funds Available September 2021			
Account	30-Sep-21	30-Jun-21	Variance
Bank SA Cheque Account	\$ 231,721	\$ 400,883	(\$169,162.15)
Local Government Finance Authority	\$ 977,458	\$ 377,126	\$ 600,332
Net GST Claimable (Payable)	\$77,933.63	\$450.07	\$77,484
Long Service Leave Provision	(\$182,826.00)	(\$182,826.00)	\$0.00
Annual Leave Provision	(\$146,793.00)	(\$146,793.00)	\$0.00
TOTAL FUNDS AVAILABLE	\$ 957,494	\$ 448,840	\$508,654

5.2 EASTERN HEALTH AUTHORITY 2020 CHARTER REVIEW UPDATE

Author: Michael Livori
Ref: AF20/47

Summary

Clause 19 of Schedule 2 of the *Local Government Act 1999* requires that a regional subsidiary has a Charter prepared by its Constituent Councils, and that the Charter is reviewed every 4 years. Clause 12.3(a) of the Charter also requires the review to occur every 4 years. The last review of the Eastern Health Authority Charter was finalised in May 2016. An initial report was considered by the Board at its June 2020 meeting and the review process subsequently commenced. Additional update reports were provided at the meetings of 2 December 2020, 25 February 2021, and 21 June 2021. This report provides an update to members in relation to the review process.

Report

In March 2021, EHA wrote to its Constituent Councils requesting feedback in relation to a number of proposed amendments to the current EHA Charter and any other feedback in relation to the review process. Subsequently, feedback was received from all Constituent Councils. The full feedback determined that the majority of the proposed changes were unanimously endorsed by all Constituent Councils. There were however a small number of clauses where Constituent Councils had differing or opposing views.

In July 2021 EHA wrote again to its Constituent Councils requesting feedback in relation to how the Constituent Councils should move forward to gain consensus on the clauses that have not been unanimously agreed.

Responses from the Constituent Councils have now been provided and are summarised below.

Burnside – Provided their position on the non-consensus items.

Campbelltown - Provided their position on the non-consensus items. Suggested that a revised Charter should be developed without reference to Walkerville being a Constituent Member and that the implementation date for the revised Charter should be 1 July 2022 when Walkerville are scheduled to withdraw as a Constituent Council. Suggested that a meeting of all Constituent Council CEOs be held to consider non-consensus positions.

Norwood Payneham & St Peters – Provided their position on the non-consensus items. Suggested that EHA write to Walkerville requesting that the Town of Walkerville reconsider its position regarding its objections to proposed changes to Clauses 1.7, 2.2, 2.5 and 8.1(C) of the Charter.

Prospect - Suggested that a meeting of all Constituent Council CEOs be held to consider non-consensus positions.

Walkerville – Stated that their position on the non-consensus items has not changed. Advised that the Charter review will not be presented to the Council for consideration until such time as a uniform position has been reached by the EHA Board, with a recommendation being presented to Constituent Councils for their consideration. Suggested that a meeting of all Constituent Council CEOs be held to consider areas of contention.

As the Board is aware, the Town of Walkerville (ToW) have provided their notice of intention to withdraw as a member council effective 30 June 2022.

The ToW, however adopted the following Motion with Notice at its meeting of 20 September 2021.

13.1 Review of Services Provided by EHA to Town of Walkerville – Cr James Nenke

CNC62/21-22

Moved: Cr Nenke

Seconded: Cr Coleman

With regard to the May 2021 Confidential item 19.1: Review of Services Provided by EHA to Town of Walkerville, Administration is requested to present further information in a report at the November 2021 meeting. The report is to detail the feasibility and costings of all options available to Council to best deliver the Environmental Health Service. The recommendation to this report is to include an option to take relevant action to rescind the existing resolution, along with alternative options presented based on the findings detailed within the report.

CARRIED

Next Steps

Until ToW has considered whether to rescind its previous decision to withdraw as a member council it is prudent to place any further Charter review discussions on hold.

When that decision is known, EHA administration will move the review forward by:

- In the event that the ToW uphold their decision to withdraw, arrange a meeting with the Chief Executive Officers of the remaining Constituent Councils to develop a consensus position of all elements of the Charter. The Charter would be developed without reference to Walkerville being a Constituent Member and have an implementation date of 1 July 2022 as suggest by City of Campbelltown.
- In the event that the ToW rescind their decision to withdraw, arrange a meeting with the Chief Executive Officers of all constituent councils to develop a consensus position of all elements of the Charter.

RECOMMENDATION

That:

1. The Eastern Health Authority 2020 Charter Review Update Report is received.

5.3 FRAUD AND CORRUPTION PREVENTION POLICY

Author: Michael Livori
Ref: AF17/86

Summary

Fraud and corruption in public administration has the potential to cause significant financial and non-financial harm and the control of fraud and corruption is an important feature within the systems and procedures of a responsible local government regional subsidiary.

To assist in establishing a framework for the identification of fraud and corruption a Fraud and Corruption Prevention Policy (the Policy) was developed. The policy has been reviewed and a draft revised version presented to the Audit Committee for its consideration.

Report

EHA is committed to acting in the best interest of the community and to upholding the principles of honesty, integrity and transparency which are all key components of good governance.

The Fraud and Corruption Prevention Policy has been reviewed and the draft revised policy is presented as attachment 1 for endorsement by the Audit Committee. A copy of the policy with marked up changes is provided as attachment 2.

The policy aims to provide a statement which outlines the principles and objectives for Board Members and employees of EHA in relation to Fraud and Corruption Prevention.

RECOMMENDATION

That:

1. The report regarding the Fraud and Corruption Prevention Policy as amended is received.
2. The Fraud and Corruption Prevention Policy marked attachment 1 to the Fraud and Corruption Prevention Policy dated 8 December 2021 is endorsed and referred to the Board of Management for adoption.



FRAUD AND CORRUPTION PREVENTION POLICY

Policy Reference	FM05
Date of Initial Board Adoption	24 February 2016
Minutes Reference	9: 022016
Date of Audit Committee Endorsement (if applicable)	25 November 2015
Date last reviewed by Eastern Health Authority Board of Management	N/A
Relevant Document Reference	<ul style="list-style-type: none"> • Code of Conduct for Board Members (D12/1640[v4]) • Code of Conduct for Employees (D14/15685[v5]) • Risk and Opportunity Management Policy (D15/5720[v4]) • Public Interest Disclosure Policy (D20/11480) • Internal Control Manual and Procedures (D15/6787[v6]) •
Applicable Legislation	<ul style="list-style-type: none"> • Section 132A of the <i>Local Government Act 1999</i> • <i>Independent Commissioner Against Corruption Act 2012</i> • <i>Public Interest Disclosure Act 2018</i>

1. Purpose

Eastern Health Authority (EHA) recognises that Fraud and Corruption has the potential to cause significant financial and non-financial harm, and that the prevention and control of Fraud and Corruption should feature predominantly within the systems and procedures of a responsible organisation.

The purpose of the Fraud and Corruption Prevention Policy (the "Policy") is to clearly define EHA's commitment to preventing fraud and corruption, and to outline the methodology in place to minimise fraud and corruption threats.

2. Scope

This Policy is intended to complement and be implemented in conjunction with other EHA policies, including:

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Fraud and Corruption Prevention Policy

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- Code of Conduct for Board Members
- Code of Conduct for Employees
- Risk and Opportunity Management Policy
- Internal Control Manual and Procedures
- Public Interest Disclosure Policy and Procedures

This Policy applies to all disclosures that relate to the actual or suspected occurrence of fraud and corruption within EHA by Public Officers.

3. Definitions

For the purposes of this Policy the following definitions apply:

An **Appropriate Authority** that receives disclosure of public interest information includes:

- A Minister of the Crown;
- A member of the South Australian Police Force - where the information relates to an illegal activity;
- The Auditor-General – where the information relates to the irregular or unauthorised use of public money;
- The Ombudsman – where the information relates to a public officer;
- A Responsible Officer, where the information relates to a matter falling within the sphere of responsibility of a Local Government body;
- An appointed Officer under EHA’s Public Interest Disclosure Policy; or
- Any other person¹ to whom, in the circumstances of the case, it is reasonable and appropriate to make the disclosure².

A person makes an **appropriate disclosure** of public interest information if

- (a) The person-
 - i. Believes on reasonable grounds that the information is true: or
 - ii. Is not in a position to form a belief on reasonable grounds about the truth of the information but believes on reasonable grounds that the information may be true and is of sufficient significance to justify its disclosure so that its truth may be investigated; and
- (b) The disclosure is made to the Appropriate Authority.

Where a person making a disclosure request to do so under the Public Interest Disclosure Act 2018, the matter will be managed in accordance with EHA’s Public Interest Disclosure Policy rather than this document.

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Fraud and Corruption Prevention Policy

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Corruption is dishonest activity in which a Public Officer acts contrary to the interests of the organisation and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity³

Corruption in public administration means:

- a) an offence against Part 7 Division 4 (Offences relating to public officers) of the *Criminal Law Consolidation Act 1935*, which includes the following offences:
 - (i) bribery or Corruption of public officers;
 - (ii) threats or reprisals against public officers;
 - (iii) abuse of public office;
 - (iv) demanding or requiring benefit on basis of public office;
 - (v) offences relating to appointment to public office.
- b) an offence against the *Public Sector (Honest and Accountability) Act 1995* or the *Public Corporations Act 1993*, or an attempt to commit such an offence; or
- c) an offence against the *Lobbyist Act 2015*, or an attempt to commit such an offence; or
- d) any other offence (including an offence against Part 5 (Offences of dishonesty) of the *Criminal Law Consolidation Act 1935*) committed by a public officer while acting in his or her capacity as a public officer or by a former public officer and related to his or her former capacity as a public officer, or by a person before becoming a public officer and related to his or her capacity as a public officer, or an attempt to commit such an offence; or
- e) any of the following in relation to an offence referred to in a preceding paragraph:
 - (i) aiding, abetting, counselling or procuring the commission of the offence;
 - (ii) inducing, whether by threats or promises or otherwise, the commission of the offence;
 - (iii) being in any way, directly or indirectly, knowingly concerned in, or party to, the commission of the offence;
 - (iv) conspiring with others to affect the commission of the offence.

Deception means deceiving another person to obtain a benefit or to cause detriment to a person.

Directions and Guidelines refer to the document titled as such and available on the ICAC website www.icac.sa.gov.au

Employee means any person who is employed by EHA, but also includes any contractors, volunteers and consultants undertaking work for, or on behalf of EHA.

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Fraud and Corruption Prevention Policy

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A **False Disclosure** is a disclosure of information involving actual or suspected fraud or corruption that is made by a person who knows the information to be false or, who is reckless as to whether it is false.

Fraud means dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by a Public Officer and where deception is used at the time, immediately before or immediately following the activity. It can also include the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose, or the improper use of information or position for personal financial benefit.

The theft of property belonging to EHA by a person or persons elected, working, or volunteering for EHA but where deception is not used is also considered "fraud" for the purposes of this definition.

Fraud is an intentional dishonest act or omission done with the purpose of deceiving.

Note: unlike 'Corruption' there is no statutory definition of 'Fraud'. Fraud is a style of offending. The offences addressed under Part 5 and Part 6 of the *Criminal Law Consolidation Act 1935* are considered to constitute Fraud offences.

ICAC Act is the Independent Commissioner Against Corruption Act 2012.

Maladministration in public administration is defined in Section 5(4) of the ICAC Act and

- (a) means:
- i) conduct of a public officer, or a practice, policy or procedure of a public authority, that results in an irregular and unauthorised use of public money or substantial mismanagement of public resources; or
 - ii) conduct of a public officer involving substantial mismanagement in or in relation to the performance of official functions; and
- (b) includes conduct resulting from improperly, incompetence or negligence; and
- (c) is to be assessed having regard to relevant statutory provisions and administrative instructions and directions.

Misconduct in public administration is defined in section 5(3) of the *ICAC Act* and means:

- (a) contravention of a code of conduct by a public officer while acting in his or her capacity as a public officer that constitutes a ground for disciplinary action against the officer; or
- (b) other misconduct of a public officer while acting in his or her capacity as a public officer.

OPI (Office for Public Integrity) is the office established under the *ICAC Act 2012* that has the function to:

- (a) receive and assess complaints about public administration from members of the public;

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Fraud and Corruption Prevention Policy

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- (b) receive and assess reports about corruption, misconduct and maladministration in public administration from the Ombudsman, EHA and public officers;
- (c) refer complaints and reports to inquiry agencies, public authorities and public officers where approved by the Commissioner or make recommendations as to whether and by whom complaints and reports should be investigated;
- (d) perform other functions assigned to the Office by the Commissioner.

Team Leader means any Employee of EHA who is responsible for the direct supervision of other Employees, and/or, for the management of a EHA Department.

PID Act means the *Public Interest Disclosure Act 2018*

Public administration defined at section 4 of the *ICAC Act 2012* means without limiting the acts that may comprise public administration, an administrative act within the meaning of the *Ombudsman Act 1972* will be taken to be carried out in the course of public administration.

Public Officer has the same meaning as in the *ICAC Act 2012* and includes (but is not limited to):

- A Board Member of EHA;
- An Independent Member of an EHA Committee;
- An Employee of EHA.

Publish is defined in section 4 of the *ICAC Act*, and means publish by:

A **Responsible Officer** is a person designated by EHA as a Responsible Officer under section 12 of the PID Act. The Chief Executive Officer is the Responsible Officer under the PID Act.

For the purposes of the *ICAC Act*, misconduct or maladministration in public administration will be taken to be serious or systemic if the misconduct or maladministration –

- (a) is of such a significant nature that it would undermine public confidence in the relevant public authority, or in public administration generally; and
- (b) has significant implications for the relevant public authority or for public administration generally (rather than just for the individual public officer concerned).

SAPOL means the Anti-Corruption Branch of the South Australian Police Force.

Waste refers to the waste of public resources (including public money), which occurs as a result of the substantial mismanagement, irregular or, unauthorised use of public resources.

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Fraud and Corruption Prevention Policy

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4. Principles

EHA is committed to acting in the best interest of the community and to upholding the principles of honesty, integrity, and transparency, which are all key components of good governance.

EHA will not tolerate fraudulent or corrupt activity and is committed to control and prevention of such activities by:

- Establishing and maintaining an effective system of internal controls and enforcing compliance with those controls;
- Regularly undertaking and reviewing risk assessments to identify circumstances in which fraud and corruption could potentially occur;
- Implementing fraud and corruption prevention and mitigation strategies in its day to day operations;
- Establishing formal procedures for the investigation of allegations relating to fraudulent and/or corrupt activity;
- Taking appropriate action in response to allegations of fraudulent and/or corrupt activity including, reporting allegations through appropriate channels and where allegations are substantiated, taking disciplinary action in accordance with EHA's Codes of Conduct or other relevant processes;
- Ensuring all Board Members and Employees are aware of their obligations in regards to the prevention of fraud and corruption within EHA; and
- Fostering an ethical environment in which dishonest and fraudulent behavior is actively discouraged.

5. Policy

5.1 Prevention

EHA recognises that:

- The occurrence of fraud and corruption will prevail in an administrative environment where opportunities exist for abuse and maladministration; and
- The most effective way to prevent the occurrence of fraud and corruption is to promote an ethical workplace in which internal control mechanisms have been implemented.

EHA expects that Public Officers will assist in preventing fraud and corruption within EHA by:

- Understanding the responsibilities of their position;
- Familiarising themselves with EHA's procedures and adhering to them;
- Understanding what behavior constitutes fraudulent and/or corrupt conduct;
- Maintaining an awareness of the strategies that have been implemented by EHA to minimise fraud and corruption;

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Fraud and Corruption Prevention Policy

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- Being continuously vigilant to the potential for fraud and/or corruption to occur; and
- Reporting suspected or actual occurrences of fraud or corruption in accordance with part 5.4 of this Policy.

5.2 Responsibilities

5.2.1 Board Members are responsible for ensuring that EHA:

- Supports the Chief Executive Officer in the implementation of adequate security for the prevention of fraud and corruption including the provision of secure facilities for storage of assets, and procedures to deter fraudulent or corrupt activity from occurring; and
- Makes reports in accordance with part 5.4 of this Policy and facilitates cooperation with any investigation undertaken by an external authority (such as SAPOL or the Commissioner Independent Commissioner Against Corruption).

5.2.2 The Chief Executive Officer is responsible for:

- Making reports in accordance with part 5.4 of this Policy and facilitates cooperation with any investigation undertaken by an external authority (such as SAPOL or the Commissioner Independent Commissioner Against Corruption);
- Providing adequate security for the prevention of fraud and corruption, including the provision of secure facilities for storage of assets and procedures to deter fraudulent or corrupt activity from occurring;
- Promoting EHA's commitment to the prevention of fraud and corruption to the Community on relevant occasions;
- Providing mechanisms for receiving allegations of fraud or corruption, including ensuring that Responsible Officers and Employees receive appropriate training;
- Promoting a workplace culture and environment in which fraud and corruption is actively discouraged and is readily reported should it occur; and
- Undertaking and reviewing a fraud and corruption risk assessment on a regular basis.

5.2.3 Team Leaders are responsible for:

- The conduct of any Employees whom they supervise and, will be held accountable for such;
- Any property under their control and, will be held accountable for such;
- Reporting in accordance with part 5.4 of this Policy;

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Fraud and Corruption Prevention Policy

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- Creating an environment in which fraud and corruption is discouraged and readily reported by Employees. Such an environment shall be fostered by the Team Leader's own attitude to fraud and corruption and, by the accountability and integrity they both display and encourage from other Employees;
- Ensuring that new Employees for whom they are responsible are aware of their responsibilities in relation to fraud and corruption and, of the standard of conduct expected from all Employees.
- Identifying potential fraud and corruption risks; and
- Leading by example to promote ethical behavior.

5.2.4 Employees are responsible for:

- Performing their functions and duties with care, diligence, honesty and integrity;
- Conducting themselves in a professional manner at all times;
- Adhering to EHA's Policy and Procedures that have been established to prevent fraud or corruption;
- Taking care of EHA's property which includes avoiding the waste or misuse of EHA's resources;
- Maintaining and enhancing the reputation of EHA;
- Remaining scrupulous in their use of EHA's information, assets, funds, property, goods or services; and
- Reporting in accordance with part 5.4 of this Policy.

5.3 Fraud and Corruption Risk Assessment

5.3.1 EHA's main objective is to minimise the occurrence of fraud and corruption within EHA. This objective can generally be achieved by:

- Identifying Fraud and Corruption Risks;
- Reviewing and monitoring internal controls
- Determining strategies to control those risks; and
- Defining responsibility for and, the time frame within which the strategies will be implemented.

5.3.2 Team Leaders must be alert to the potential occurrence of fraud and corruption and factors which may leave EHA vulnerable to fraud and corruption, including:

- Changes to EHA delegations and sub delegations;
- Implementation of cost cutting measures;
- Contracting out, outsourcing or services where EHA is generating an income;

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- The impact of new technology; and
- Changes to risk management practices.

5.4 Reporting Fraud and Corruption in Public Administration to the OPI

5.4.1 Public Officers

- 5.4.1.1 A Public Officer must report to the OPI any matter that the Public Officer reasonably suspects involves corruption in public administration unless the public officer knows that the matter has already been reported to the OPI.

The Public Officer should adhere to documents as identified at part 2 to the extent possible, when making the report.

- 5.4.1.2 A report to the OPI by an Employee or Board Member must be made on the online report form available at www.icac.sa.gov.au in accordance with the ICAC Act and include particulars, as included in the ICAC Directions and Guidelines
- 5.4.1.3 Nothing in this section is intended to prevent a Public Officer from reporting suspected Corruption or Systematic or Serious Misconduct or Maladministration in EHA or in other public administration to a Relevant Authority, such as EHA's Responsible Officer, for the purposes of the PID Act. Such a disclosure may be protected under the PID Act and, if made to the EHA Responsible Officer, will be managed in accordance with the EHA's Public Interest Disclosure Policy and Procedures. Public Officers are encouraged to have regard to the EHA Public Interest Disclosure Policy and Procedures when determining where to direct a disclosure.
- 5.4.1.4 Further information about reporting requirements is available at the ICAC website: www.icac.sa.gov.au

5.4.2 EHA

- 5.4.2.1 EHA (that is, the Board Members collectively) must report to the OPI any matter that EHA reasonably suspects involves corruption in public administration unless EHA knows that the matter has already been reported to the OPI. The Chief Executive Officer is responsible for preparing a report to the OPI on behalf of EHA for these purposes (where the matter relates to the Chief Executive Officer the Chair is to make the report). The report must be made immediately upon receiving direction from EHA (such as via the Chair).

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Fraud and Corruption Prevention Policy

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5.4.2.2 A report to the OPI by the Chief Executive Officer on behalf of EHA must be made on the online report form available at www.icac.sa.gov.au in accordance with the ICAC Act.

5.4.3 The Report to the OPI

5.4.3.1 The report must be made in accordance with the Directions and Guidelines.

5.5 Reporting Fraud

5.5.1 Any Employee or Board Member that has or acquires knowledge of actual or suspected Fraud that:

5.5.1.1 does not constitute corruption in public administration;⁴ and

5.5.1.2 impacts or causes detriment (or has the potential to impact or cause detriment) to EHA –
must report such information to the Responsible Officer or the Anti-Corruption branch of SAPOL.

5.5.2 A report made under part 5.5.1 may be protected under the PID Act and will be managed in accordance with EHA's Public Interest Disclosure Policy and Procedures.

5.6 Confidentiality and Publication Prohibitions

5.6.1 A person who receives information knowing that the information is connected with a matter that forms or is the subject of a complaint, report, assessment, investigation, referral or evaluation under the ICAC Act must not disclose that information, other than in the limited circumstances set out in section 54(3) of the ICAC Act.

5.6.2 A person must not, other than as authorised by the Commissioner or a court, publish or cause to be published any of the following:

- information tending to suggest that a person is, has been, may be, or may have been, the subject of a complaint, report, assessment, investigation or referral under the ICAC Act.
- information that might enable a person who has made a complaint or report under the ICAC Act to be identified or located;
- the fact that a person has made or may be about to make a complaint or report under the ICAC Act;
- information that might enable a person who has given or may be about to give information or other evidence under the ICAC Act to be identified or located;

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Fraud and Corruption Prevention Policy

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- the fact that a person has given or may be about to give information or other evidence under this Act; or
- any other information or evidence which the Commissioner has prohibited from publication.

5.6.3 A failure to comply with part 5.6 of this Policy may constitute an offence. An EHA Employee who fails to comply with these requirements may also face disciplinary action which may include dismissal from employment.

5.6.4 In addition to the requirements of part 5.6, Board Members and Employees should also be mindful of the confidentiality provisions in the EHA's Public Interest Disclosure Policy and Procedures.

5.7 Action by the Chief Executive Officer

5.7.1 Unless otherwise directed by OPI or SAPOL, the CEO will investigate how the alleged Corruption, Fraud, Misconduct or Maladministration occurred to determine the cause for the breakdown in controls and identify, if any, recommendations as to changes in policies, procedures or internal controls that should be made by EHA. The investigation should:

- occur as soon as practicable after the alleged incident;
- not impose on or detract from any investigation being undertaken by the OPI or SAPOL
- have regard to any recommendations in any report received from the Commissioner or SAPOL on the incident.

5.7.2 The CEO will, in conducting the investigation and deciding whether and how to report on the investigation to EHA, have regard to the provisions of the Public Interest Disclosure Policy and Procedures, and any confidentiality requirements under the PID Act and / or ICAC Act.

5.7.3 In the event that allegations of Fraud and/or Corruption are substantiated, EHA may take disciplinary action against any Employee who was involved.

5.7.4 Where the allegations have been made against the Chief Executive Officer, the actions listed in this part of the policy will be undertaken by the Chair of EHA.

5.8 False Disclosure

5.8.1 A person who makes a statement knowing that it is false or misleading in a complaint or report under the *ICAC Act 2012* or makes disclosure of public interest information, under the *Public Interest Disclosure Act 2018* knowing it to be false or being reckless about whether it is false or misleading, is guilty of an offence

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Fraud and Corruption Prevention Policy

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- 5.8.2 An Employee who makes a false disclosure, in addition to being guilty of an offence, will face disciplinary action that may include instant dismissal.
- 5.8.3 Board Members who make a false disclosure, in addition to being guilty of an offence, may face disciplinary action pursuant to the Code of Conduct for Board Members.

5.9 Educating for Awareness

EHA recognises that the success and credibility of this Policy will largely depend upon how effectively it is communicated throughout the organisation and beyond.

EHA's policies regarding Internal Control and the prevention of fraud and corruption are available on the EHA website.

Employees will make reference to EHA's fraud and corruption initiatives in the Annual Report and facilitate public access to documents within EHA's Fraud and Corruption framework, including those documents identified at part 7.1 of this Policy.

5.10 Supporting documentation

All allegations of fraud and corruption and results of any investigations conducted will be securely maintained in EHA's Records Management System.

6. Review & Evaluation

This policy will be reviewed at least once every two years. However, EHA may revise or review this Policy at any time (but not to affect any process that has already commenced).

7. Statement of Adoption

This Policy was adopted by the Board of the Eastern Health Authority on 24 February 2016.

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FRAUD AND CORRUPTION PREVENTION POLICY

Policy Reference	FM05
Date of Initial Board Adoption	24 February 2016
Minutes Reference	9: 022016
Date of Audit Committee Endorsement (if applicable)	25 November 2015
Date last reviewed by Eastern Health Authority Board of Management	N/A
Relevant Document Reference	<ul style="list-style-type: none"> Code of Conduct for Board Members (D12/1640[v4]) Code of Conduct for Employees (D14/15685[v5]) Risk and Opportunity Management Policy (D15/5720[v4]) Public Interest Disclosure Policy (D20/11480) Internal Control Manual and Procedures (D15/6787[v6])
Applicable Legislation	<ul style="list-style-type: none"> Section 132A of the Local Government Act 1999 Independent Commissioner Against Corruption Act 2012 Public Interest Disclosure Act 2018

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- Deleted: and Framework and Internal Control Manual and Procedures
- Deleted: Whistleblower Protection Policy (D14/10620[v3])
- Deleted: Whistleblowers Protection Act 1993

1. Purpose

Eastern Health Authority (EHA) recognises that Fraud and Corruption has the potential to cause significant financial and non-financial harm, and that the prevention and control of Fraud and Corruption should feature predominantly within the systems and procedures of a responsible organisation.

The purpose of the Fraud and Corruption Prevention Policy (the "Policy") is to clearly define EHA's commitment to preventing fraud and corruption, and to outline the methodology in place to minimise fraud and corruption threats.

2. Scope

This Policy is intended to complement and be implemented in conjunction with other EHA policies, including:

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This Policy applies to all disclosures that relate to the actual or suspected occurrence of fraud and corruption within EHA by Public Officers.

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- A Minister of the Crown;
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- The Auditor-General – where the information relates to the irregular or unauthorised use of public money;
- The Ombudsman – where the information relates to a public officer;
- A Responsible Officer, where the information relates to a matter falling within the sphere of responsibility of a Local Government body;
- An appointed Officer under EHA's Public Interest Disclosure Policy; or
- Any other person¹ to whom, in the circumstances of the case, it is reasonable and appropriate to make the disclosure².

Deleted: Whistleblowers

A person makes an **appropriate disclosure** of public interest information if

- (a) The person-
 - i. Believes on reasonable grounds that the information is true: or
 - ii. Is not in a position to form a belief on reasonable grounds about the truth of the information but believes on reasonable grounds that the information may be true and is of sufficient significance to justify its disclosure so that its truth may be investigated; and
- (b) The disclosure is made to the Appropriate Authority.

Where a person making a disclosure request to do so under the Public Interest Disclosure Act 2018, the matter will be managed in accordance with EHA's Public Interest Disclosure Policy rather than this document.

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- c) an offence against the *Lobbyist Act 2015*, or an attempt to commit such an offence; or
- d) any other offence (including an offence against Part 5 (Offences of dishonesty) of the *Criminal Law Consolidation Act 1935*) committed by a public officer while acting in his or her capacity as a public officer or by a former public officer and related to his or her former capacity as a public officer, or by a person before becoming a public officer and related to his or her capacity as a public officer, or an attempt to commit such an offence; or
- e) any of the following in relation to an offence referred to in a preceding paragraph:
- (i) aiding, abetting, counselling or procuring the commission of the offence;
 - (ii) inducing, whether by threats or promises or otherwise, the commission of the offence;
 - (iii) being in any way, directly or indirectly, knowingly concerned in, or party to, the commission of the offence;
 - (iv) conspiring with others to affect the commission of the offence.

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The theft of property belonging to EHA by a person or persons elected, working or volunteering for EHA but where deception is not used is also considered "fraud" for the purposes of this definition.

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ICAC Act is the Independent Commissioner Against Corruption Act 2012.

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Maladministration in public administration is defined in Section 5(4) of the ICAC Act and, (a) means:

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- i) conduct of a public officer, or a practice, policy or procedure of a public authority, that results in an irregular and unauthorised use of public money or substantial mismanagement of public resources; or
- ii) conduct of a public officer involving substantial mismanagement in or in relation to the performance of official functions; and

- (b) includes conduct resulting from improperly, incompetence or negligence; and
- (c) is to be assessed having regard to relevant statutory provisions and administrative instructions and directions.

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Misconduct in public administration is defined in section 5(3) of the ICAC Act and means;

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 Contrary to law; or¶
 Unreasonable, unjust, oppressive or improperly discriminatory; or¶
 Based upon improper motives; or¶
 A result of acting outside the parameters of recommended practice.¶

(a) contravention of a code of conduct by a public officer while acting in his or her capacity as a public officer that constitutes a ground for disciplinary action against the officer; or

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(b) other misconduct of a public officer while acting in his or her capacity as a public officer.

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OPI (Office for Public Integrity) is the office established under the ICAC Act 2012 that has the function to:

- (a) receive and assess complaints about public administration from members of the public;
- (b) receive and assess reports about corruption, misconduct and maladministration in public administration from the Ombudsman, EHA and public officers;

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Fraud and Corruption Prevention Policy

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- (c) refer complaints and reports to inquiry agencies, public authorities and public officers were approved by the Commissioner or make recommendations as to whether and by whom complaints and reports should be investigated;
- (d) perform other functions assigned to the Office by the Commissioner.

Team Leader means any Employee of EHA who is responsible for the direct supervision of other Employees, and/or, for the management of a EHA Department.

PID Act means the *Public Interest Disclosure Act 2018*

Public administration defined at section 4 of the *ICAC Act 2012* means without limiting the acts that may comprise public administration, an administrative act within the meaning of the *Ombudsman Act 1972* will be taken to be carried out in the course of public administration.

Public Officer has the same meaning as in the *ICAC Act 2012* and includes (but is not limited to):

- A Board Member of EHA;
- An Independent Member of an EHA Committee;
- An Employee of EHA.

Publish is defined in section 4 of the *ICAC Act*, and means publish by:

A **Responsible Officer** is a person designated by EHA as a Responsible Officer under section 12 of the PID Act. The Chief Executive Officer is the Responsible Officer under the PID Act.

For the purposes of the ICAC Act, misconduct or maladministration in public administration will be taken to be serious or systemic if the misconduct or maladministration –

- (a) is of such a significant nature that it would undermine public confidence in the relevant public authority, or in public administration generally; and
- (b) has significant implications for the relevant public authority or for public administration generally (rather than just for the individual public officer concerned).

SAPOL means the Anti-Corruption Branch of the South Australian Police Force.

Waste refers to the waste of public resources (including public money), which occurs as a result of the substantial mismanagement, irregular or, unauthorised use of public resources.

4. Principles

EHA is committed to acting in the best interest of the community and to upholding the

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Deleted: A **Whistleblower** is any person who makes an appropriate disclosure of public interest information.

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principles of honesty, integrity and transparency, which are all key components of good governance.

EHA will not tolerate fraudulent or corrupt activity and is committed to control and prevention of such activities by:

- Establishing and maintaining an effective system of internal controls and enforcing compliance with those controls;
- Regularly undertaking and reviewing risk assessments to identify circumstances in which fraud and corruption could potentially occur;
- Implementing fraud and corruption prevention and mitigation strategies in its day to day operations;
- Establishing formal procedures for the investigation of allegations relating to fraudulent and/or corrupt activity;
- Taking appropriate action in response to allegations of fraudulent and/or corrupt activity including, reporting allegations through appropriate channels and where allegations are substantiated, taking disciplinary action in accordance with EHA's Codes of Conduct or other relevant processes;
- Ensuring all Board Members and Employees are aware of their obligations in regards to the prevention of fraud and corruption within EHA; and
- Fostering an ethical environment in which dishonest and fraudulent behavior is actively discouraged.

5. Policy

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5.1 Prevention

EHA recognises that:

- The occurrence of fraud and corruption will prevail in an administrative environment where opportunities exist for abuse and maladministration; and
- The most effective way to prevent the occurrence of fraud and corruption is to promote an ethical workplace in which internal control mechanisms have been implemented.

EHA expects that Public Officers will assist in preventing fraud and corruption within EHA by:

- Understanding the responsibilities of their position;
- Familiarising themselves with EHA's procedures and adhering to them;
- Understanding what behavior constitutes fraudulent and/or corrupt conduct;
- Maintaining an awareness of the strategies that have been implemented by EHA to minimise fraud and corruption;
- Being continuously vigilant to the potential for fraud and/or corruption to occur; and
- Reporting suspected or actual occurrences of fraud or corruption in

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Fraud and Corruption Prevention Policy

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accordance with part 5.4 of this Policy.

5.2 Responsibilities

5.2.1 Board Members are responsible for ensuring that EHA:

- Supports the Chief Executive Officer in the implementation of adequate security for the prevention of fraud and corruption including the provision of secure facilities for storage of assets, and procedures to deter fraudulent or corrupt activity from occurring; and
- Makes reports in accordance with part 5.4 of this Policy and facilitates cooperation with any investigation undertaken by an external authority (such as SAPOL or the Commissioner Independent Commissioner Against Corruption).

5.2.2 The Chief Executive Officer is responsible for:

- Making reports in accordance with part 5.4 of this Policy and facilitates cooperation with any investigation undertaken by an external authority (such as SAPOL or the Commissioner Independent Commissioner Against Corruption);
- Providing adequate security for the prevention of fraud and corruption, including the provision of secure facilities for storage of assets and procedures to deter fraudulent or corrupt activity from occurring;
- Promoting EHA's commitment to the prevention of fraud and corruption to the Community on relevant occasions;
- Providing mechanisms for receiving allegations of fraud or corruption, including ensuring that Responsible Officers and Employees receive appropriate training;
- Promoting a workplace culture and environment in which fraud and corruption is actively discouraged and is readily reported should it occur; and
- Undertaking and reviewing a fraud and corruption risk assessment on a regular basis.

5.2.3 Team Leaders are responsible for:

- The conduct of any Employees whom they supervise and, will be held accountable for such;
- Any property under their control and, will be held accountable for such;
- Reporting in accordance with part 5.4 of this Policy;
- Creating an environment in which fraud and corruption is discouraged and readily reported by Employees. Such an environment shall be fostered by the Team Leader's own

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attitude to fraud and corruption and, by the accountability and integrity they both display and encourage from other Employees;

- Ensuring that new Employees for whom they are responsible are aware of their responsibilities in relation to fraud and corruption and, of the standard of conduct expected from all Employees.
- Identifying potential fraud and corruption risks; and
- Leading by example to promote ethical behavior.

5.2.4 Employees are responsible for:

- Performing their functions and duties with care, diligence, honesty and integrity;
- Conducting themselves in a professional manner at all times;
- Adhering to EHA's Policy and Procedures that have been established to prevent fraud or corruption;
- Taking care of EHA's property which includes avoiding the waste or misuse of EHA's resources;
- Maintaining and enhancing the reputation of EHA;
- Remaining scrupulous in their use of EHA's information, assets, funds, property, goods or services; and
- Reporting in accordance with part 5.4 of this Policy.

5.3 Fraud and Corruption Risk Assessment

5.3.1 EHA's main objective is to minimise the occurrence of fraud and corruption within EHA. This objective can generally be achieved by:

- Identifying Fraud and Corruption Risks;
- Reviewing and monitoring internal controls
- Determining strategies to control those risks; and
- Defining responsibility for and, the time frame within which the strategies will be implemented.

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5.3.2 Team Leaders must be alert to the potential occurrence of fraud and corruption and factors which may leave EHA vulnerable to fraud and corruption, including:

- Changes to EHA delegations and subdelegations;
- Implementation of cost cutting measures;
- Contracting out, outsourcing or services where EHA is generating an income;
- The impact of new technology; and

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- Changes to risk management practices.

5.4 Reporting Fraud and Corruption in Public Administration to the OPI

5.4.1 Public Officers

5.4.1.1 A Public Officer must report to the OPI any matter that the Public Officer reasonably suspects involves corruption in public administration unless the public officer knows that the matter has already been reported to the OPI.

The Public Officer should adhere to documents as identified at part 2 to the extent possible, when making the report.

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5.4.1.2 A report to the OPI by an Employee or Board Member must be made on the online report form available at www.icac.sa.gov.au in accordance with the ICAC Act and include particulars, as included in the ICAC Directions and Guidelines.

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5.4.1.3 Nothing in this section is intended to prevent a Public Officer from reporting suspected Corruption or Systematic or Serious Misconduct or Maladministration in EHA or in other public administration to a Relevant Authority, such as EHA's Responsible Officer, for the purposes of the PID Act. Such a disclosure may be protected under the PID Act and, if made to the EHA Responsible Officer, will be managed in accordance with the EHA's Public Interest Disclosure Policy and Procedures. Public Officers are encouraged to have regard to the EHA Public Interest Disclosure Policy and Procedures when determining where to direct a disclosure.

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5.4.1.4 Further information about reporting requirements is available at the ICAC website: www.icac.sa.gov.au

5.4.2 EHA

5.4.2.1 EHA (that is, the Board Members collectively) must report to the OPI any matter that EHA reasonably suspects involves corruption in public administration unless EHA knows that the matter has already been reported to the OPI. The Chief Executive Officer is responsible for preparing a report to the OPI on behalf of EHA for these purposes (where the matter relates to the Chief Executive Officer the Chair is to make the report). The report must be made immediately upon receiving direction from EHA (such as via the Chair).

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5.4.2.2 A report to the OPI by the Chief Executive Officer on behalf of EHA must be made on the online report form available at www.icac.sa.gov.au in accordance with the ICAC Act.

5.4.3 The Report to the OPI

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5.4.3.1 The report must be made in accordance with the Directions and Guidelines.

5.5 Reporting Fraud

5.5.1 Any Employee or Board Member that has or acquires knowledge of actual or suspected Fraud that:

5.5.1.1 does not constitute corruption in public administration;⁴ and

5.5.1.2 impacts or causes detriment (or has the potential to impact or cause detriment) to EHA –

must report such information to the Responsible Officer or the Anti-Corruption branch of SAPOL.

5.5.2 A report made under part 5.5.1 may be protected under the PID Act and will be managed in accordance with EHA's Public Interest Disclosure Policy and Procedures.

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must report such information to the Responsible Officer or the Anti-Corruption branch of SAPOL.¶

Deleted: <#>A report made under part 5.6 may be made under the *Whistleblowers Protection Act 1993* and managed in accordance with EHA's Whistleblower Protection Policy.¶

5.6 Confidentiality and Publication Prohibitions

5.6.1 A person who receives information knowing that the information is connected with a matter that forms or is the subject of a complaint, report, assessment, investigation, referral or evaluation under the ICAC Act must not disclose that information, other than in the limited circumstances set out in section 54(3) of the ICAC Act.

5.6.2 A person must not, other than as authorised by the Commissioner or a court, publish or cause to be published any of the following:

- information tending to suggest that a person is, has been, may be, or may have been, the subject of a complaint, report, assessment, investigation or referral under the ICAC Act.
- information that might enable a person who has made a complaint or report under the ICAC Act to be identified or located;
- the fact that a person has made or may be about to make a complaint or report under the ICAC Act;
- information that might enable a person who has given or may be about to give information or other evidence under the ICAC Act to be identified or located;
- the fact that a person has given or may be about to give information or other evidence under this Act; or

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- any other information or evidence which the Commissioner has prohibited from publication.

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5.6.3 A failure to comply with part 5.6 of this Policy may constitute an offence. An EHA Employee who fails to comply with these requirements may also face disciplinary action which may include dismissal from employment.

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5.6.4 In addition to the requirements of part 5.6, Board Members and Employees should also be mindful of the confidentiality provisions in the EHA's Public Interest Disclosure Policy and Procedures.

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5.7 Action by the Chief Executive Officer

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5.7.1 Unless otherwise directed by OPI or SAPOL, the CEO will investigate how the alleged Corruption, Fraud, Misconduct or Maladministration occurred to determine the cause for the breakdown in controls and identify, if any, recommendations as to changes in policies, procedures or internal controls that should be made by EHA. The investigation should:

Deleted: <#>Following any report to the OPI or SAPOL under this Policy (or the Whistleblower Protection Policy as the case may be) of which the Chief Executive Officer has knowledge and, subject to the finalisation of any investigation undertaken by the Commissioner or SAPOL, the Chief Executive Officer will undertake a review into the area in which the Fraud or Corruption occurred to determine the cause for the breakdown in controls and, will report the findings of the review and provide recommendations (if any) to EHA. In undertaking any review, the Chief Executive Officer will have regard to any recommendations received from the Commissioner, SAPOL or the Ombudsman.¶

- occur as soon as practicable after the alleged incident;
- not impose on or detract from any investigation being undertaken by the OPI or SAPOL
- have regard to any recommendations in any report received from the Commissioner or SAPOL on the incident.

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5.7.2 The CEO will, in conducting the investigation and deciding whether and how to report on the investigation to EHA, have regard to the provisions of the Public Interest Disclosure Policy and Procedures, and any confidentiality requirements under the PID Act and / or ICAC Act.

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5.7.3 In the event that allegations of Fraud and/or Corruption are substantiated, EHA may take disciplinary action against any Employee who was involved.

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5.7.4 Where the allegations have been made against the Chief Executive Officer, the actions listed in this part of the policy will be undertaken by the Chair of EHA.

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5.8 False Disclosure

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5.8.1 A person who makes a statement knowing that it is false or misleading in a complaint or report under the ICAC Act 2012 or makes disclosure of public interest information, under the *Public Interest Disclosure Act*

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2018 knowing it to be false or being reckless about whether it is false or misleading, is guilty of an offence

- 5.8.2 An Employee who makes a false disclosure, in addition to being guilty of an offence, will face disciplinary action that may include instant dismissal.
- 5.8.3 Board Members who make a false disclosure, in addition to being guilty of an offence, may face disciplinary action pursuant to the Code of Conduct for Board Members.

5.9 Educating for Awareness

EHA recognises that the success and credibility of this Policy will largely depend upon how effectively it is communicated throughout the organisation and beyond.

EHA's policies regarding Internal Control and the prevention of fraud and corruption are available on the EHA website.

Employees will make reference to EHA's fraud and corruption initiatives in the Annual Report and facilitate public access to documents within EHA's Fraud and Corruption framework, including those documents identified at part 7.1 of this Policy.

5.10 Supporting documentation

All allegations of fraud and corruption and results of any investigations conducted will be securely maintained in EHA's Records Management System.

6. Review & Evaluation

This policy will be reviewed at least once every two years. However, EHA may revise or review this Policy at any time (but not to affect any process that has already commenced).

7. Statement of Adoption

This Policy was adopted by the Board of the Eastern Health Authority on 24 February 2016.

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5.4 RISK AND OPPORTUNITY MANAGEMENT POLICY

Author: Michael Livori
Ref: AF19/111

Summary

Eastern Health Authority (EHA) Risk and Opportunity Management Policy (the Policy) was originally adopted at a Board of Management meeting held on 24 February 2016. A review of the policy has been undertaken and a revised policy 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.

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

It has only been necessary to make a number of minor changes to the policy and a copy of the policy identifying the changes is provided as attachment 2.

A copy of a draft amended Policy with these changes accepted is provided as attachment 1.

RECOMMENDATION

That:

1. The report regarding the Risk and Opportunity Management Policy as amended is received.
2. The Risk and Opportunity Management Policy marked attachment 1 to the report dated 8 December 2021 is endorsed and referred to the Board of Management for adoption.



RISK AND OPPORTUNITY MANAGEMENT POLICY

Policy Reference	GOV08
Date of initial Board Adoption	24 February 2016
Minutes Reference	9: 082018
Date of Audit Committee Endorsement (if applicable)	15 August 2018
Date last reviewed by Eastern Health Authority Board of Management	29 August 2018
Relevant Document Reference	AS ISO 31000:2018 Risk Management - Guidelines Local Government Act 1999 Risk and Opportunity Management Framework Work Health Safety and Injury Policy Procurement Policy

1. Purpose

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

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

2. Scope

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

3. Definitions

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Risk is defined as “The effect of uncertainty on objectives. For EHA, a risk is anything that could prevent EHA from achieving its objectives. Risk may arise from an event, an action or from a lack of action. It is measured in terms of consequences and likelihood”

Risk Management is described as “The culture, processes and structures directed towards the effective management of potential opportunities and adverse effects.

4. Principles

EHA understands that the effective management of risk:

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

5. Policy

This policy is based on the practices and principles of risk management contained in AS ISO 31000:2018. A Risk and Opportunity Management Framework has been developed in accordance with this Standard, to provide management with a formalised process for identifying and managing risk in a consistent manner.

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

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

6. Responsibility

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

7. Review

The policy will be formally reviewed every 48 months or as needed.

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RISK AND OPPORTUNITY MANAGEMENT POLICY

Policy Reference	GOV08
Date of initial Board Adoption	24 February 2016
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Date last reviewed by Eastern Health Authority Board of Management	29 August 2018
Relevant Document Reference	<p>AS ISO 31000:2018 Risk Management - Guidelines</p> <p>Local Government Act 1999</p> <p>Risk and Opportunity Management Framework</p> <p>Work Health Safety and Injury Policy</p> <p>Procurement Policy</p>

Deleted: AS/NZS ISO 31000:2009 International Risk Management Standard[]

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Deleted: Governance Framework (To be developed)[]

1. Purpose

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

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

2. Scope

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

3. Definitions

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Risk is defined as "The effect of uncertainty on objectives. For EHA, a risk is anything that could prevent EHA from achieving its objectives. Risk may arise from an event, an action or from a lack of action. It is measured in terms of consequences and likelihood"

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Risk Management is described as "The culture, processes and structures directed towards the effective management of potential opportunities and adverse effects."

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4. Principles

EHA understands that the effective management of risk:

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

5. Policy

This policy is based on the practices and principles of risk management contained in AS ISO 31000:2018. A Risk and Opportunity Management Framework has been developed in accordance with this Standard, to provide management with a formalised process for identifying and managing risk in a consistent manner.

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

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

6. Responsibility

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

7. Review

The policy will be formally reviewed every 48 months or as needed.

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5.5 EASTERN HEALTH AUTHORITY AUDIT COMMITTEE TERMS OF REFERENCE

Author: Michael Livori
Ref: AF12/195

Summary

EHA has previously developed Terms of Reference (ToR) for its Audit Committee which requires annual review.

Report

The Audit Committee is a formally constituted Committee of EHA pursuant to Clause 30 of Schedule 2 to the Local Government Act 1999 and is responsible to EHA. The Committee's role is to report to EHA and provide appropriate advice and recommendations on matters contained within its ToR.

The ToR are required to be annually reviewed. A review of the ToR has been undertaken and the following changes have been suggested.

- Amendment of clause 6.1 to ensure the Committee meets three times per annum to coincide with budget and reporting cycle, undertaking activities as identified in the workplan and to meet the Committee's terms of reference.
- Addition of clause 6.2 to ensure the Committee can meet otherwise as required, and as approved by the Chair.
- Amendment of clause 8.2 to include all Board members of EHA to receive minutes of Committee meetings within 5 days after a meeting.
- Addition of clause 8.3 to ensure Agendas and Minutes of Committee meeting will be provided to the Board of Management.
- Addition of Clause 10.5.7.9 The Committee shall meet with the external auditor at least once a year, without EHA Administration present.
- Deletion of Clause 10.6.2 Removed. Not applicable.
- Amendment of clause 11.1 to clarify wording of reporting responsibilities of Audit Committee.
- Amendment of clause 12.1 to remove the word "own" from clause.
- Addition of clause 13 to include COVID-19 Provision protocols.

A copy of the ToR with the changes accepted is provided as attachment 1 to this report for adoption.

A copy of the ToR with marked up changes is provided as attachment 2 to this report.

RECOMMENDATION

That:

1. The report regarding the Eastern Health Authority Audit Committee Terms of Reference is received.
2. The Eastern Health Authority Audit Committee Terms of Reference provided as attachment 1 to this report are referred to the Board of Management for adoption.



EHA Audit Committee TERMS OF REFERENCE

EHA Audit Committee

TERMS OF REFERENCE

1. Establishment of the Audit Committee

- 1.1. Pursuant to Section 41 and Section 126 of the Local Government Act 1999 (as amended) EHA as a regional subsidiary of Constituent Councils establishes a Committee to be known as the Audit Committee (“the Committee”) for the purpose of:
 - 1.1.1. Assisting EHA in fulfilling its oversight responsibilities relating to accounting, audit, legislative compliance, financial and operational risk management, good governance and reporting practices; and
 - 1.1.2. Administration and External Auditor; in accordance with the Local Government Act 1999 (as amended) and other relevant ensuring effective communication between the Board, legislation.

2. Membership

- 2.1. Members of the Committee are appointed by EHA. The Committee shall comprise three members consisting of two independent members and one Board Member.
- 2.2. The Board Member appointed to the committee by resolution of the Board will hold office until the conclusion of the next Local Government General Election.
- 2.3. Independent Members of the Committee shall have extensive and relevant financial management, risk management or internal audit qualifications and experience.
- 2.4. Membership of the committee must include at least 1 person who is not a member of the Board of Management of EHA and who is determined by the Constituent Councils to have financial experience relevant to the functions of the Audit Committee.
- 2.5. Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for a decision.
- 2.6. Individual members of EHA’s administration staff, such as the Chief Executive Officer and Senior Staff may attend any meeting as observers or be responsible for preparation of papers for the Committee.
- 2.7. EHA’s external auditor may also be invited to attend meetings of the Committee, as appropriate.
- 2.8. Appointments of independent members to the Committee shall be for a maximum period of three years.
- 2.9. The terms of the appointments should be arranged to ensure an orderly rotation and continuity of membership.

- 2.10. Independent members are eligible for reappointment at the expiration of their term at the sole discretion of the EHA Board.
- 2.11. The maximum length of continuous membership of an Independent Member shall be 6 years.
- 2.12. Independent members are eligible for appointment to the committee after a two year period has elapsed if they meet the criteria in 2.11 (I.e. they have served a six year maximum term).
- 2.13. The Presiding Member of the Committee will be one of the independent members and will be appointed by the Audit Committee for the term of the Committee.
- 2.14. In the absence of the chairperson the Committee will appoint one of the other members as Acting Presiding Member for the duration of the meeting.
- 2.15. The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

3. Authority

- 3.1. The Committee has the following authority from the Board:
 - 3.1.1. Confirm minutes of a previous meeting as a true and accurate record of proceedings;
 - 3.1.2. Set meeting times / dates; and
 - 3.1.3. Receive Information Reports and provide feedback and input into development of policies and documents put before the Committee where practicable, prior to them being recommended to Board. The Committee has no authority to act independently of the Board. The Committee is authorised by the Board to undertake work efficiently and effectively to meet the objectives described by its Establishment and Terms of Reference.
- 3.2. The Committee will have no standing financial delegations. If required for a specific purpose, these will be sought from the Board at the time or where appropriate through the Chief Executive Officer's delegation.
- 3.3. The Committee shall act at all times in strict accordance with relevant legislation (being the Local Government Act 1999 [as amended] and associated Regulations) and with written policies, guideline, protocols and charter of the Board, which are relevant to the Committee in the performance of its functions.
- 3.4. All decisions of the Committee will be referred to the Board as recommendations of the Committee. The reporting of the decisions of the Committee to the Board in this manner is sufficient to satisfy the reporting and accountability requirements of the Board.

4. Secretarial Resources

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

5. Quorum

- 5.1. The quorum necessary for the transaction of business shall be 2 members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 5.2. All decisions of the Committee shall be made on the basis of a majority decision of the members present.
- 5.3. Only members of the Committee, or a Board Member's proxy, if appointed for a meeting, are entitled to vote in Committee meetings.

6. Frequency of Meetings

- 6.1. The Committee shall meet at least three times per annum at appropriate times in the budgeting and reporting cycle, to undertake the activities as identified in the endorsed annual work plan and to meet the Committee's terms of reference.
- 6.2. The Committee can meet otherwise as required, and as approved by the Chair.

7. Notice of Meetings

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

8. Minutes of Meetings

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

9. Conduct of Meetings

- 9.1. The Committee shall conduct its meetings in accordance with Part 2 of the Local Government (Procedures at Meetings) Regulations 2000 (as amended).
- 9.2. The Committee will develop, maintain and implement a work plan, which will serve the purpose of a forward agenda detailing the proposed agenda items and meeting dates.

10. Role of the Committee

10.1. Financial Reporting and Sustainability

The Committee shall:

- 10.1.1. Monitor the integrity of the financial statements of EHA, including its annual report, reviewing significant financial reporting issues and judgements which they contain;
- 10.1.2. Review and challenge where necessary;
- 10.1.3. Review the consistency of, and/or any changes to, accounting policies;
- 10.1.4. Review the methods used to account for significant or unusual transactions where different approaches are possible;
- 10.1.5. Review whether EHA has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- 10.1.6. Review the clarity of disclosure in EHA's financial reports and the context in which statements are made;
- 10.1.7. Review all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (in so far as it relates to audit and risk management);
- 10.1.8. Review and make recommendations to the Board regarding the assumptions, financial ratios and financial targets in the Long Term;
- 10.1.9. Provide commentary and advice on the financial sustainability of EHA and any risks in relation to, as part of the adoption of the Long Term Financial Plan, Annual Budget and periodic Budget Reviews;
- 10.1.10. Review and make recommendations to the Board regarding any other significant financial, business efficiency or innovation, accounting and reporting issue as deemed necessary by the Committee, Board or Administration;
- 10.1.11. Consider and provide comment on the financial and risk related issues associated with any EHA business referred to it by the Board for such comment.

10.2. Risk Management and Internal Control

The Committee shall:

- 10.2.1. Monitor and review the performance and adequacy of EHA's Risk Management Program and Framework for identifying, monitoring and managing significant

business risks, including Work Health and Safety and EHA's Business Continuity Plan.

- 10.2.2. Review and recommend the approval, where appropriate, of statements to be included in the annual report of concerning internal controls and risk management.

10.3. Whistle Blowing and Fraud

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

10.4. Internal Audit

The Committee shall:

- 10.4.1. Discuss and approve the Internal Audit Program, if one is required, and consider appropriate resourcing;
- 10.4.2. Monitor and review the effectiveness of EHA's internal audit processes in the context of EHA's overall risk management system;
- 10.4.3. Review internal audit reports, consider recommendations and review and monitor reports on EHA's operations from the internal auditor
- 10.4.4. Review and monitor management's responsiveness to the findings and recommendations.

10.5. External Audit

The Committee shall:

- 10.5.1. Monitor and review the effectiveness of EHA's external audit function;
- 10.5.2. Consider and make recommendation on the program of the external audit function;
- 10.5.3. Review the external auditor's report on the preparation of EHA's end of year financial statements;
- 10.5.4. Review any reports on EHA's operations prepared by the external auditor;
- 10.5.5. Review and monitor management's responsiveness to the findings and recommendations of the external auditor;
- 10.5.6. Consider and make recommendations to EHA, in relation to the appointment, re-appointment and removal of EHA's external auditor, including where the auditor resigns during the period of appointment.
- 10.5.7. Oversee EHA's relationship with the external auditor including, but not limited to:
- 10.5.7.1. recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;

- 10.5.7.2. recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
- 10.5.7.3. assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of EHA's relationship with the auditor, including the provision of any non-audit services;
- 10.5.7.4. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and EHA (other than in the ordinary course of business);
- 10.5.7.5. monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and
- 10.5.7.6. assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the audit Committee's own internal quality procedures);
- 10.5.7.7. review any representation letter(s) requested by the external auditor before they are signed by management;
- 10.5.7.8. review the management letter and management's response to the external auditor's findings and recommendations.;
- 10.5.7.9. meet as needed with the external auditor. The Committee shall meet the external auditor at least once a year, without the Authority Executive being present; to discuss the external auditor's report and any issues arising from the audit.

10.6. Policy Development

The Committee shall:

- 10.6.1. Undertake a questioning and testing role in the development and review of EHA's financial and risk management policies;

11. Reporting Responsibilities

- 11.1. The Committee shall make recommendations to EHA it deems appropriate on the areas within its terms of reference where in its view, action or improvement is needed.

12. Annual Review and Reporting to Board Committee

- 12.1. The Committee shall annually review its 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;

13. COVID- 19 Provision

- 13.1. For the duration of the COVID-19 public health emergency, the following applies.
- 13.2. The Committee will only consider functions designated to it by the Local Government Act 1999 or other legislation as relevant.
- 13.3. The Committee will meet at least once per year. Further meetings will be conducted as determined by the Chief Executive Officer (or nominee), in consultation with the Committee Presiding Member.
- 13.4. Where meetings are conducted, all Members may participate in the meeting via electronic means, in accordance with the requirements set out in EHA’s Code of Practice for Meeting Procedures.
- 13.5. In line with the Local Government (Public Health Emergency) Amendment Act 2020, this clause will cease to apply 28 days after the cessation of all relevant declarations relating to the emergency, or as otherwise revoked by EHA through resolution and return back to the existing code of Meeting Procedures.

Amendments to Version 1 and 2 ToR

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

Amendments to Version 3 ToR

Clause 1.2 amended by deleting the sentence “The Chair may be a member of the Committee, however will not hold the position of the Presiding Member of the Committee” in accordance with resolution 9:082013 of the Eastern Health Authority Board Meeting 28 August 2013.

- 2 Clause 1.9 changed to read “The Presiding Member of the Committee will be one of the independent members and will be appointed by the Audit Committee for the term of the Committee.” to reflect that there are two independent members on the Committee in accordance with resolution 9:082013 of the Eastern Health Authority Board Meeting 28 August 2013.

Amendments to Version 4 ToR

ToR presented to the Audit Committee Meeting – 13/08/2014. No amendments made.

Amendments to Version 5 ToR

ToR presented to the Audit Committee Meeting – 12/08/2015. No amendments made.

Amendments to Version 6 ToR

ToR presented to the Audit Committee Meeting – 30/11/2016

- Addition of clause 1 Establishment of the Audit Committee
- Deletion of clause 2.1
- Addition of clause 2.9
- Addition of clause 3 Authority
- Addition of clauses 5.2 and 5.3
- Addition of clause 9 Conduct of Meetings
- Addition of clause 10.1 Financial Reporting and Sustainability
- Addition of clause 10.2 Risk Management and Internal Control
- Addition to clause 10.3 title to ‘Whistleblowing and Fraud’
- Amendment of clause 10.4.2
- Addition of clause 10.6 Policy Development
- Addition of clause 12 Annual Review and Reporting to Board

Amendments to Version 7 ToR

ToR presented to the Audit Committee Meeting – 01/05/2019. No amendments made.

Amendments to Version 8 ToR

- Addition of clause 2.2 to set Board appointed member term to coincide with local Government General Election.
- Addition of clause 2.4 to mirror requirements of the *Local Government (Financial Management) Regulations 2011* in relation to Constituent Council required approval for certain committee membership.

- Deletion of clause requiring meeting being held in place open to the public.
- Clause 2.8 (formerly 2.7) amended to increase maximum single term of membership to three years.
- Addition of Clause 2.9 to ensure an orderly rotation and continuity of membership where possible.
- Addition of clauses 2.11 and 2.12 to set maximum length of membership of Independent Member and eligibility for future reappointment.

Amendments to Version 9 ToR

- Amendment of clause 6.1 to ensure the Committee meets three times per annum to coincide with budget and reporting cycle, undertaking activities as identified in the workplan and to meet the Committee's terms of reference.
- Addition of clause 6.2 to ensure the Committee can meet otherwise as required, and as approved by the Chair.
- Amendment of clause 8.2 to include all Board members of EHA to receive minutes of Committee meetings within 5 days after a meeting.
- Addition of clause 8.3 to ensure Agendas and Minutes of Committee meeting will be provided to the Board of Management.
- Addition of Clause 10.5.7.9 The Committee shall meet with the external auditor at least once a year, without EHA Administration present.
- Deletion of Clause 10.6.2 Removed. Not applicable.
- Amendment of clause 11.1 to clarify wording of reporting responsibilities of Audit Committee.
- Amendment of clause 12.1 to remove the word "own" from clause.
- Addition of clause 13 to include COVID-19 Provision protocols.



EHA Audit Committee TERMS OF REFERENCE

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EHA Audit Committee

TERMS OF REFERENCE

1. Establishment of the Audit Committee

- 1.1. Pursuant to Section 41 and Section 126 of the Local Government Act 1999 (as amended) EHA as a regional subsidiary of Constituent Councils establishes a Committee to be known as the Audit Committee (“the Committee”) for the purpose of:
- 1.1.1. Assisting EHA in fulfilling its oversight responsibilities relating to accounting, audit, legislative compliance, financial and operational risk management, good governance and reporting practices; and
- 1.1.2. Administration and External Auditor; in accordance with the Local Government Act 1999 (as amended) and other relevant ensuring effective communication between the Board, legislation.

2. Membership

- 2.1. Members of the Committee are appointed by EHA. The Committee shall comprise three members consisting of two independent members and one Board Member.
- 2.2. The Board Member appointed to the committee by resolution of the Board will hold office until the conclusion of the next Local Government General Election.
- 2.3. Independent Members of the Committee shall have extensive and relevant financial management, risk management or internal audit qualifications and experience.
- 2.4. Membership of the committee must include at least 1 person who is not a member of the Board of Management of EHA and who is determined by the Constituent Councils to have financial experience relevant to the functions of the Audit Committee.
- 2.5. Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for a decision.
- 2.6. Individual members of EHA’s administration staff, such as the Chief Executive Officer and Senior Staff may attend any meeting as observers or be responsible for preparation of papers for the Committee.
- 2.7. EHA’s external auditor may also be invited to attend meetings of the Committee, as appropriate.
- 2.8. Appointments of independent members to the Committee shall be for a maximum period of three years.
- 2.9. The terms of the appointments should be arranged to ensure an orderly rotation and continuity of membership.
- 2.10. Independent members are eligible for reappointment at the expiration of their term at the sole discretion of the EHA Board.

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- 2.11. The maximum length of continuous membership of an Independent Member shall be 6 years.
- 2.12. Independent members are eligible for appointment to the committee after a two year period has elapsed if they meet the criteria in 2.11 (i.e. they have served a six year maximum term).
- 2.13. The Presiding Member of the Committee will be one of the independent members and will be appointed by the Audit Committee for the term of the Committee.
- 2.14. In the absence of the chairperson the Committee will appoint one of the other members as Acting Presiding Member for the duration of the meeting.
- 2.15. The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

3. Authority

- 3.1. The Committee has the following authority from the Board:
- 3.1.1. Confirm minutes of a previous meeting as a true and accurate record of proceedings;
- 3.1.2. Set meeting times / dates; and
- 3.1.3. Receive Information Reports and provide feedback and input into development of policies and documents put before the Committee where practicable, prior to them being recommended to Board. The Committee has no authority to act independently of the Board. The Committee is authorised by the Board to undertake work efficiently and effectively to meet the objectives described by its Establishment and Terms of Reference.
- 3.2. The Committee will have no standing financial delegations. If required for a specific purpose, these will be sought from the Board at the time or where appropriate through the Chief Executive Officer's delegation.
- 3.3. The Committee shall act at all times in strict accordance with relevant legislation (being the Local Government Act 1999 [as amended] and associated Regulations) and with written policies, guideline, protocols and charter of the Board, which are relevant to the Committee in the performance of its functions.
- 3.4. All decisions of the Committee will be referred to the Board as recommendations of the Committee. The reporting of the decisions of the Committee to the Board in this manner is sufficient to satisfy the reporting and accountability requirements of the Board.

4. Secretarial Resources

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

5. Quorum

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- 5.1. The quorum necessary for the transaction of business shall be 2 members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 5.2. All decisions of the Committee shall be made on the basis of a majority decision of the members present.
- 5.3. Only members of the Committee, or a Board Member’s proxy, if appointed for a meeting, are entitled to vote in Committee meetings.

6. Frequency of Meetings

- 6.1. The Committee shall meet at least three times per annum at appropriate times in the budgeting and reporting cycle, to undertake the activities as identified in the endorsed annual work plan and to meet the Committee’s terms of reference.
- 6.2. The Committee can meet otherwise as required, and as approved by the Chair.

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7. Notice of Meetings

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

8. Minutes of Meetings

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

8.3. Agendas and Minutes of the Committee meeting will be provided to the Board of Management.

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9. Conduct of Meetings

- 9.1. The Committee shall conduct its meetings in accordance with Part 2 of the Local Government (Procedures at Meetings) Regulations 2000 (as amended).

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9.2. The Committee will develop, maintain and implement a work plan, which will serve the purpose of a forward agenda detailing the proposed agenda items and meeting dates.

10. Role of the Committee

10.1. Financial Reporting and Sustainability

The Committee shall:

- 10.1.1. Monitor the integrity of the financial statements of EHA, including its annual report, reviewing significant financial reporting issues and judgements which they contain;
- 10.1.2. Review and challenge where necessary;
- 10.1.3. Review the consistency of, and/or any changes to, accounting policies;
- 10.1.4. Review the methods used to account for significant or unusual transactions where different approaches are possible;
- 10.1.5. Review whether EHA has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- 10.1.6. Review the clarity of disclosure in EHA’s financial reports and the context in which statements are made;
- 10.1.7. Review all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (in so far as it relates to audit and risk management);
- 10.1.8. Review and make recommendations to the Board regarding the assumptions, financial ratios and financial targets in the Long Term;
- 10.1.9. Provide commentary and advice on the financial sustainability of EHA and any risks in relation to, as part of the adoption of the Long Term Financial Plan, Annual Budget and periodic Budget Reviews;
- 10.1.10. Review and make recommendations to the Board regarding any other significant financial, business efficiency or innovation, accounting and reporting issue as deemed necessary by the Committee, Board or Administration;
- 10.1.11. Consider and provide comment on the financial and risk related issues associated with any EHA business referred to it by the Board for such comment.

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10.2. Risk Management and Internal Control

The Committee shall:

- 10.2.1. Monitor and review the performance and adequacy of EHA’s Risk Management Program and Framework for identifying, monitoring and managing significant business risks, including Work Health and Safety and EHA’s Business Continuity Plan.
- 10.2.2. Review and recommend the approval, where appropriate, of statements to be included in the annual report of concerning internal controls and risk management.

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10.3. Whistle Blowing and Fraud

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

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10.4. Internal Audit

The Committee shall:

- 10.4.1. Discuss and approve the Internal Audit Program, if one is required, and consider appropriate resourcing;
- 10.4.2. Monitor and review the effectiveness of EHA’s internal audit processes in the context of EHA’s overall risk management system;
- 10.4.3. Review internal audit reports, consider recommendations and review and monitor reports on EHA’s operations from the internal auditor
- 10.4.4. Review and monitor management’s responsiveness to the findings and recommendations.

10.5. External Audit

The Committee shall:

- 10.5.1. Monitor and review the effectiveness of EHA’s external audit function;
- 10.5.2. Consider and make recommendation on the program of the external audit function;
- 10.5.3. Review the external auditor’s report on the preparation of EHA’s end of year financial statements;
- 10.5.4. Review any reports on EHA’s operations prepared by the external auditor;
- 10.5.5. Review and monitor management’s responsiveness to the findings and recommendations of the external auditor;
- 10.5.6. Consider and make recommendations to EHA, in relation to the appointment, re-appointment and removal of EHA’s external auditor, including where the auditor resigns during the period of appointment.
- 10.5.7. Oversee EHA’s relationship with the external auditor including, but not limited to:
 - 10.5.7.1. recommending the approval of the external auditor’s remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
 - 10.5.7.2. recommending the approval of the external auditor’s terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
 - 10.5.7.3. assessing the external auditor’s independence and objectivity taking into account relevant professional and regulatory requirements and the extent of EHA’s relationship with the auditor, including the provision of any non-audit services;

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- 10.5.7.4. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and EHA (other than in the ordinary course of business);
- 10.5.7.5. monitoring the external auditor’s compliance with legislative requirements on the rotation of audit partners; and
- 10.5.7.6. assessing the external auditor’s qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the audit Committee’s own internal quality procedures);
- 10.5.7.7. review any representation letter(s) requested by the external auditor before they are signed by management;
- 10.5.7.8. review the management letter and management’s response to the external auditor’s findings and recommendations.;
- 10.5.7.9. meet as needed with the external auditor. The Committee shall meet the external auditor at least once a year, without the Authority Executive being present; to discuss the external auditor’s report and any issues arising from the audit.

10.6. Policy Development
The Committee shall:

- 10.6.1. Undertake a questioning and testing role in the development and review of EHA’s financial and risk management policies;

↓ Deleted: <#>Review and comment on the overall adequacy of EHA’s and Policy Development Management Framework.¶

11. Reporting Responsibilities

- 11.1. The Committee shall make recommendations to EHA it deems appropriate on the areas within its terms of reference where in its view, action or improvement is needed.

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12. Annual Review and Reporting to Board Committee

- 12.1. The Committee shall annually review its 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.

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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;

13. COVID- 19 Provision

- 13.1.1. For the duration of the COVID-19 public health emergency, the following applies.
- 13.1.2. The Committee will only consider functions designated to it by the Local Government Act 1999 or other legislation as relevant.
- 13.1.3. The Committee will meet at least once per year. Further meetings will be conducted as determined by the Chief Executive Officer (or nominee), in consultation with the Committee Presiding Member.
- 13.1.4. Where meetings are conducted, all Members may participate in the meeting via electronic means, in accordance with the requirements set out in EHA’s Code of Practice for Meeting Procedures.
- 13.1.5. In line with the Local Government (Public Health Emergency) Amendment Act 2020, this clause will cease to apply 28 days after the cessation of all relevant declarations relating to the emergency, or as otherwise revoked by EHA through resolution and return back to the existing code of Meeting Procedures.

Amendments to Version 1 and 2 ToR

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

Amendments to Version 3 ToR

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

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accordance with resolution 9:082013 of the Eastern Health Authority Board Meeting 28 August 2013.

Amendments to Version 4 ToR

ToR presented to the Audit Committee Meeting – 13/08/2014. No amendments made.

Amendments to Version 5 ToR

ToR presented to the Audit Committee Meeting – 12/08/2015. No amendments made.

Amendments to Version 6 ToR

ToR presented to the Audit Committee Meeting – 30/11/2016

- Addition of clause 1 Establishment of the Audit Committee
- Deletion of clause 2.1
- Addition of clause 2.9
- Addition of clause 3 Authority
- Addition of clauses 5.2 and 5.3
- Addition of clause 9 Conduct of Meetings
- Addition of clause 10.1 Financial Reporting and Sustainability
- Addition of clause 10.2 Risk Management and Internal Control
- Addition to clause 10.3 title to 'Whistleblowing and Fraud'
- Amendment of clause 10.4.2
- Addition of clause 10.6 Policy Development
- Addition of clause 12 Annual Review and Reporting to Board

Amendments to Version 7 ToR

ToR presented to the Audit Committee Meeting – 01/05/2019. No amendments made.

Amendments to Version 8 ToR

- Addition of clause 2.2 to set Board appointed member term to coincide with local Government General Election.
- Addition of clause 2.4 to mirror requirements of the *Local Government (Financial Management) Regulations 2011* in relation to Constituent Council required approval for certain committee membership.
- Deletion of clause requiring meeting being held in place open to the public.
- Clause 2.8 (formerly 2.7) amended to increase maximum single term of membership to three years.
- Addition of Clause 2.9 to ensure an orderly rotation and continuity of membership where possible.

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- Addition of clauses 2.11 and 2.12 to set maximum length of membership of Independent Member and eligibility for future reappointment.

Amendments to Version 9 ToR

- Amendment of clause 6.1 to ensure the Committee meets three times per annum to coincide with budget and reporting cycle, undertaking activities as identified in the workplan and to meet the Committee’s terms of reference.
- Addition of clause 6.2 to ensure the Committee can meet otherwise as required, and as approved by the Chair.
- Amendment of clause 8.2 to include all Board members of EHA to receive minutes of Committee meetings within 5 days after a meeting.
- Addition of clause 8.3 to ensure Agendas and Minutes of Committee meeting will be provided to the Board of Management.
- Addition of Clause 10.5.7.9 The Committee shall meet with the external auditor at least once a year, without EHA Administration present.
- Deletion of Clause 10.6.2 Removed. Not applicable.
- Amendment of clause 11.1 to clarify wording of reporting responsibilities of Audit Committee.
- Amendment of clause 12.1 to remove the word “own” from clause.
- Addition of clause 13 to include COVID-19 Provision protocols.

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5.6 UPDATE ON AUDIT FINDING RECOMENDATIONS

Author: Michael Livori
Ref: AF21/41

Summary

This report provides an update on management responses to the 2021/2022 Audit Finding recommendations.

Report

In the EHA Auditors' Report of Audit Finding for 2021/2022 a number of recommendations were made in relation to areas of improvement. The observation, recommendation, initial management response and actions to date for each recommendation are detailed below.

Current Year Matter – Long Service leave (LSL) entitlement of casual employee

Observation

We noted an instance where a long-term casual employee is not included in the LSL provision calculation.

The estimated LSL provision is \$5,706 as at 30th June 2021. No further adjustment is made as this did not have a material impact on the financial statements.

Recommendation

We recommend that management conduct a review of LSL entitlement for casual employees and provide/accrue LSL to ensure compliance with the above requirement.

Management response

EHA will conduct a review of LSL entitlements for casual employees and provide the accrual LSL calculation to ensure compliance under the South Australian Long Service Leave Act 1987

Management Actions to date

EHA's review of LSL entitlements for casual employees will be completed by January 2022.

Prior Year: Issue 1 - Provision for doubtful debts (2020)

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.

Audit Comments in relation to work undertaken

Management have improved their documentation on the status of aged debtors since last year's audit and we have accepted management's assertion that the majority of the debtor balance will be recovered, in time. Our experience with other Local Government entities is that they base their estimate of provision for doubtful debts on the likelihood of recovery, which is usually a factor of the age and type of the debt itself, rather than who is charged with collecting it. Debts are only written off when FRU confirms the amount is no longer collectible. We, again recommend that management review the historical data of collectability (especially with debtors referred to the FRU) so that an estimate can be made as to what provision for doubtful debts should be recognised to comply with accounting standards (AASB 9).

Management Actions to date

EHA continues to revise the doubtful debts policy (3 June 2021) and is finalising the implementation of the necessary changes to ensure requirements are being met under AASB 9 pending advice from the auditor.

EHA is committed to providing an analysis breakdown of the 2 separate areas of our bad and doubtful debt.

1. Bad and doubtful debt sitting with the Fines Recovery Unit.
2. EHA food inspection, workplace immunisation and adhoc bad and doubtful debt.

This statistical analysis will look at all outstanding debt that is considered unrecoverable, highlighting any trends that present over this time. This data will assist us in predicting the future provision required to report for bad and doubtful debts at financial end 30 June 2022.

In order to achieve this a number of elements have been improved in order to achieve a true representation of EHA's current debtors position;

- Duplicate Credits (to be discussed in Issue 2)
- Duplicate payments to be refunded to customer identified
- Review of letter frequency
- Reporting detail of all 455 lines now accounted for

Prior Year: Issue 2 – Credit account balances in Receivables (2020)

Observation

The MYOB debtor reconciliation report as at 30 June 2002 includes account balances in credit totalling \$6,409. The majority of this balance had long been outstanding with some credit balances dating back as far as 2010.

Audit Comments in relation to work undertaken

Auditors did not provide any commentary around Prior Year: Issue 2 – Credit account balances in Receivables (2020).

Management Actions to date

EHA have continued with the ongoing review of all historical credit balances. As previously reported to the auditors this investigation has highlighted multiple findings as noted below:

- Approximately \$4,000 was originally recorded as a processing error that was incorrectly receipted into customer accounts. These were to be credited and reversed back into the customer's account. On further investigation it has been noted the correct amount to be reported is \$450.50.
- \$2,835 of the total amount identified is confirmed to be valid overpayments and being applied to current invoices as they are being raised. Note to be mentioned; some clients are invoiced yearly and therefore these credits will remain until new invoices are generated.
- The remaining \$714.50 are misallocated funds that have been placed against the incorrect account. These are systematically being worked through to ensure re-allocation against the correct account.
- In the event where we have some customers who we are no longer able to be contacted and therefore accounts will need to be closed, after such a time where all avenues to contact clients have been exhausted, we will seek clarification from the auditors as to how they would like these credits to be dealt with and finalised.

Prior Year: Issue 3 – Contract of employment

Observation

We noted an instance when an employee was remunerated at 0.8 FTE however, we were not able to obtain the employer'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.

Audit Comments in relation to work undertaken

We understand that all agreements were reviewed during the year and legal advice obtained that there is no requirement to re-issue employment contracts. The specific employment contract referred to last year remains outstanding due to a current review of staffing levels.

Management Actions to date

Review of staffing levels ongoing.

Prior Year: Issue 4 – High level of annual leave accrued (2020)

Observation

There are 2 employees who each have 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)*

Audit Comments in relation to work undertaken

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, we suggest that consideration be given to this matter over the medium to longer term.

We recommend that employees are encouraged to use their leave entitlement. The maintenance of low accrued leave entitlements will allow the entity to better manage its commitments and cash flow.

Management response

High annual leave accruals will be managed through discussions with relevant staff to ensure entitlements are taken over the medium to long term.

Management Actions to date

Discussions have been undertaken with staff in relation to ensuring entitlements taken over the medium to long term where possible. EHA Team Leaders have approved a considerable amount of leave pre-booked from October 2021 through until April 2022. These leave approvals will considerably reduce the high leave balances.

RECOMMENDATION

That:

The Update on Audit Findings Recommendations report is received.

5.7 REVIEW OF EASTERN HEALTH AUTHORITY INTERNAL CONTROLS REGISTER

Author: Michael Livori

Ref: AF17/83

Summary

The Eastern Health Authority (EHA) Internal Controls Register has been reviewed and an amended document is presented for consideration and comment.

Report

The Internal Controls Register is a generic financial procedure's manual specifically designed for smaller organisations such as EHA. The generic procedures detailed in the manual clearly document the actions required to address identified risks and who is the responsible officer.

The document has now been reviewed and several minor amendments have been made. These amendments are marked in red within the document for ease of reference and a copy is provided as attachment 1 for your consideration.

The table below provides a summary of the changes made to the document:

Summary of changes are detailed below:

2.0 Annual business plan and budget		
	3 (b)	Amended for current practice.
3.0 Management reporting		
	1 (c)	Annual timetable for 2022 to be drafted by Kristen Paparella. Completed by EOM May 2022.
	1 (d)	Amended for current practice.
4.0 Ledgers and Journals		
	1 (a)	Amended for current practice. Form to be developed and implemented in conjunction with external accountant.
	1(b)	User access is restricted in MYOB per individual set up for staff.
	1 (c)	Amended for current practice.
	1 (d)	Removed due to duplication in 1(c).
	1 (f)	Amended for current practice. Register developed and provided to auditors each EOFY for verification.
	1 (g)	Removed due to duplication in 1(c).
	1 (h)	Amended for current practice. MYOB accounting system will store the relevant data that relates to the journal being processed.
5.0 Fixed Assets		
	1 (b)	Job title updated in register.
	1 (c)	Amended for current practice.

	3 (a)	Annual timetable for 2022 to be drafted by Kristen Paparella. Completed by EOM May 2022.
6.0 Debtors		
	1 (e)	Amended for current practice.
	1 (h)	Amended for current practice.
	1 (k)	Amended for current practice.
	2 (b)	Amended for current practice.
	2 (d)	Amended for current practice.
7.0 Receipting		
	1 (d)	Amended for current practice.
	2 (b)	Amended for current practice.
	2 (c)	Removed. Not applicable to Eastern Health Authority.
	3 (a)	Amended for current practice.
	3 (c)	Removed due to duplication in 2 (b).
8.0 Payroll		
	1 (a) ii	Amended for current practice.
	1 (d)	Amended for current practice.
	1 (e)	User access is restricted in MYOB per individual set up for staff.
	2 (a) i	Amended for current practice.
	2 (a) ii	Amended for current practice.
	2 (a) iii	Amended for current practice.
	2 (b)	Amended for current practice.
	2 (c)	Amended for current practice.
	2 (g)	MYOB accounting system will store all relevant data that relates to the processing of Payroll.
	4 (a)	Clarification of approval responsibilities.
	4 (b)	Amended for current practice.
	4 (d)	Amended for current practice.
	5 (e)	Amended for current practice.
9.0 Purchases and Payments		
	1 (a)	Amended for current practice. Reconciled as at 23/11/2021.
	1 (b)	Amended for current practice.
	1 (d)	Amended for current practice.
	2 (a)	Approval levels updated and confirmed.
	2 (b)	User access is restricted in MYOB per individual set up for staff.
	2 (c)	Removed. Not applicable to Eastern Health Authority.
	4 (b)	Amended for current practice.
	6 (a)	Amended for current practice.
	6 (b)	Amended for current practice.
	7 (b)	The long-term financial plan last went to the audit committee in August 2021 and the board in September 2021.

RECOMMENDATION

That:

The report regarding the Review of Eastern Health Authority Internal Controls Register is received.



Internal Controls Register

Contents

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

Eastern Health Authority

Introduction

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

1. Legislative requirements/Policy

The Local Government Act 1999 contains the following finance provisions:

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

	177-187 Rates are charges against land	
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Eastern Health Authority

Introduction (cont.)

2. Procedures

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

Why do we need this procedure?

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

What is the procedure?

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

Who performs the procedure?

Who processes and reviews the paperwork.

3. Internal Audit

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

4. External Audit

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

Last updated:

Eastern Health Authority
0/01/1900**2.0 Annual business plan and budget****2.1 Objective**

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

2.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)	
	1	Annual business plan and budget does not reflect strategic objectives.	a	The Chief Executive Officer ensures that there is a robust and rigorous process to establish the annual business plan and budget to ensure that they are consistent with the objectives of the Regional Public Health Plan.	Approved by:	Chief Executive Officer	A workshop is held each year in March with the Board of Management members. The CEO presents a powerpoint presentation which is provided to inform the Board of Management of the process and timeline for the preparation and adoption of the Annual Business Plan and Budget for the relevant year. Opportunities are provided to the Board Members and Constituent Councils to provide feedback on the current service delivery and draft Plan and Budget.
	2	Unrealistic budgets.	a	The department managers are to base their budgets on realistic and achievable assumptions.	Generated by:	Chief Executive Officer	Assumptions included in the EHA Annual Business Plan.
			b	The department managers are to approve relevant budgets.	Approved by:	Chief Executive Officer	The Draft Annual Business Plan and Budget is thoroughly reviewed by Team Leaders and CEO prior to presenting to the Board of Management.
			c	The department managers ensure that budgets are amended, compared to the previous year, to take into account significant changes in operations.	Reviewed by:	Chief Executive Officer	Each review period any variances in budget vs actual is thoroughly investigated and budget reviews if required by CEO.
			d	All amendments to budgets are approved per the Local Government Act	Approved by:	Chief Executive Officer	Approved by Board of Management and Constituent Councils

Last updated:

Eastern Health Authority
0/01/1900**2.0 Annual business plan and budget****2.1 Objective**

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

2.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
3	Budgets are inaccurately reported.	a	Original and revised budgets reconciled to the data in the financial system for accuracy by appropriate level of managements; identified variances are investigated.	Reconciled by:	Chief Executive Officer	Reconciled to Accounting system once Budget Variations adopted by the Board of Management
		b	The first, second, third quarterly and end of previous financial year's budget reviews are prepared, considered by the Board of Management and tabled in accordance with Schedule 2 of the Act.	Prepared by:	Chief Executive Officer	Actioned in MYOB Accounting Software. Any changes to the financials that arise as a result of these reviews are then actioned in MYOB Accounting Software
		c	Budget information is loaded at the activity level. Where practicable, the budget is timed over the twelve months.	Input by:	Chief Executive Officer	Actioned in MYOB Accounting Software
		d	Access to budget information is restricted to appropriately authorised personnel.	Checked by:	Team Leader - Administration and Immunisation	Security Settings set by Administrator of MYOB to limits placed depending on functions required of staff.
		e	Managers are trained to understand and are held accountable for their budgets.	Reviewed by:	Chief Executive Officer	Consultation and discussions throughout the preparation and adoption process of the Annual Business Plan and Budget. Admin / Immunisation Team Leader to work with Environmental Health Team Leader to train and balance accs for accounting process each EOM.

Last updated:

Eastern Health Authority
0/01/1900**3.0 Management reporting****3.1 Objective**

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

3.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	1	EHA's financial operations are not reviewed and responded to appropriately.	a	Department managers are clearly informed of their duties and responsibilities in relation to reporting.	Informed by:	Chief Executive Officer	Team Leaders have areas of responsibility in their Position Descriptions and tasks in Work Plans
			b	Reviewing roles and responsibilities are designated in accordance with Delegations of Authority.	Approved by:	Chief Executive Officer	Delegations review to Board of Management
			c	A reporting timetable is developed to ensure the appropriate reports are produced, reviewed and tabled in accordance with Schedule 2 of the Act and the EHA Charter.	Developed by:	Team Leader - Administration and Immunisation	A timetable is prepared for End of Financial Year Timeline and distributed to the Accountant and Auditors of EHA to ensure compliance with deadlines. An annual timetable to be drafted for 2021-2022.
			d	The timetable (as mentioned above) is checked to ensure that management is reviewing the appropriate information on a regular and timely basis.	Checked by:	Team Leader - Administration and Immunisation	Agenda item noted on Fortnightly Management Meeting as EOFY timing & Audit Review. In addition the EOM checklist has also been developed to ensure all financial requirements are met Monthly, Quarterly and Annually.

Last updated:

Eastern Health Authority
0/01/19004.0 **Ledgers and Journals**4.1 **Objective**

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

4.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
1	General ledger does not contain accurate financial information as a result of inaccurate journals which are not detected in routine review processes.	a	Journal details and new account number information input accuracy is checked when a journal is authorised or a new account is created. When a new account is created in the Chart of accounts it is checked for input accuracy.	Checked by:	Team Leader - Administration and Immunisation	Form to be developed to authorise all new account numbers and/or changes made to existing account numbers in MYOB. Form to be signed by CEO.
		b	Journals are processed in the finance area. Access in MYOB for transaction input or masterfile amendment is limited.	Processed by:	Team Leader - Administration and Immunisation	Limited Journal entries are made each quarter e.g. for Depreciation purposes. Security is monitored in MYOB setup and access to General Journal area is limited-restricted per USER access.
		c	Transaction processing is checked for accuracy. Errors are corrected by a further journal or masterfile amendment.	Checked by:	Team Leader - Administration and Immunisation	Monthly reconciliation by Team Leader - Administration and Immunisation Monitored monthly as per EOM process. All financial reports to be signed off by CEO.
		d	Errors are corrected by a further journal or masterfile amendment.	Corrected by:	Team Leader - Administration and Immunisation	Monitored monthly as per EOM process.
		e	The audit trail is verified to source documentation.	Verified by:	Team Leader - Administration and Immunisation	Document any audit trail verification.

Last updated:

Eastern Health Authority
0/01/19004.0 **Ledgers and Journals**4.1 **Objective**

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

4.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
		f	All authorisation of journals is controlled by the MYOB user and role profiles within the system, which prevent unauthorised journals being created or posted by inappropriate personnel.	Approved by:	Chief Executive Officer	Register of MYOB users and access has been to be created and is kept in records management system.
		g	All journals are reviewed when processing (including check to ensure correct account allocation)	Reviewed by:	Chief Executive Officer	
		h	General ledger reconciliations (including control and clearing accounts) are prepared on a monthly regular basis; all reconciliations are independently reviewed through the EOFY external audit process.	Reviewed by:	Team Leader - Administration and Immunisation	Very small amount of General Ledger entries during the year. Independent review of General Ledger by Auditor twice a year at interim and balance day audit. EOM checklist with P&L review listed initiates a General Ledger review, including controllable and clearing accounts. External Audit is conducted at EOFY.
		i	Some supporting documentation is electronically stored, and in the case of uploaded journals the file used to upload the transactions contains additional information regarding reason and or/description.	Stored by:	Team Leader - Administration and Immunisation	As processed in MYOB accounting system.

Last updated:

Eastern Health Authority
0/01/1900**4.0 Ledgers and Journals****4.1 Objective**

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

4.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)	
	2	Data contained within the general ledger (and subsidiary records) is permanently lost.	a	Formal disaster recovery plan adopted by EHA including the off-site backup of data, program and documentation.	Approved by:	Chief Executive Officer	Disaster Recovery Plan finalised November 2020.
			b	All updates and changes to data tables are authorised, tested and documented.	Checked by:	Team Leader - Administration and Immunisation	
			c	Access to the computerised general ledger is controlled by the user and role profiles within the system.	Approved by:	Team Leader - Administration and Immunisation	Document any review of system reports detailing user role and profiles.
	3	EHA's statutory reports and other statutory returns provide inaccurate financial information and do not comply with statutory reporting requirements.	a	Relevant personnel responsible for preparing statutory reports are provided regular training to keep abreast of changes to reporting requirements.	Prepared by:	Financial Consultant	
			b	Financial reports prepared by suitably qualified staff.	Checked by:	Financial Consultant	
			c	Regular liaison with external auditor.	Liaison by:	Team Leader - Administration and Immunisation	Accountant and Auditor have online access to MYOB Accounting Software.

Last updated: Eastern Health Authority
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4.0 **Ledgers and Journals**

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

4.2	Risks:	Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
		d	Actual results are compared to budget regularly; management reviews and investigates significant variances.	Compared by: Chief Executive Officer	Quarterly budget reviews presented to the Board of Management for adoption.
		e	Appropriate working papers are prepared and reviewed to support the financial statement balances during the statement preparation process.	Reviewed by: Financial Consultant	All working papers are scanned into electronic records management system.

Last updated:

Eastern Health Authority
0/01/1900**5.0 Fixed Assets****5.1 Objective**

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

5.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
1	Fixed asset acquisitions are fictitious, inaccurately recorded or not recorded at all.	a	The recording of an asset needs to be authorised.	Approved by:	Chief Executive Officer	All purchases authorised by CEO prior to payment. On receipt of goods, asset is entered into the Accounting System.
		b	A check is made that all assets that should be recorded are recorded.	Checked by:	Financial Consultant	Regular updates to the EHA Asset Register and internal asset listing are completed by Finance Administration Officer. Financial Consultant conducts checks twice a year at interim and balance day audit.
		c	A check is made that payroll is appropriately costed.	Checked by:	Team Leader - Administration and Immunisation	Payroll updated as part of EOM process into payroll report & signed off by CEO prior to 10th of next month. Costed against budget allocations. Payroll expenses are tracked as part of EOM process, this includes updating of YTD salaries report which also costs out against yearly budget.
		d	Fixed assets are recorded.	Recorded by:	Team Leader - Administration and Immunisation	EHA Asset Register updated and reconciled at the end of the financial year.
		e	Errors are fixed by a general or asset sub-system journal.	Processed by:	Team Leader - Administration and Immunisation	
		f	Asset registers are updated and reconciled to the general ledger on a regular basis.	Reconciled by:	Financial Consultant	Last reconciled 21/10/2020.

Last updated:

Eastern Health Authority
0/01/1900**5.0 Fixed Assets****5.1 Objective**

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

5.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
		g	Activity recorded in fixed asset register is reviewed by management and compared to the capital budget.	Reviewed by:	Financial Consultant	Each qtr budget review the fixed asset register is compared against the capital budget as a check point.
2	Fixed assets are not valued correctly.	a	Periodic revaluations are carried out (in the order of every 3 to 5 years) and carrying amounts are reviewed annually to ensure they remain fairly stated.	Requested by:	Chief Executive Officer	
		b	Management reviews depreciation rates and methodology annually to ensure that methods used to depreciate fixed assets are still appropriate in accordance with the asset impairment and asset revaluation policies.	Reviewed by:	Financial Consultant	Depreciation review is done annually in consultation with Accountant at each development of Annual Business Plan and Budget.
3	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded.	a	Management reviews depreciation rates and methodology annually to ensure that methods used to depreciate fixed assets are still appropriate in accordance with the asset impairment and asset revaluation policies.	Reviewed by:	Financial Consultant	Add as an Agenda item to on the timetable for End of Financial Year Timeline to ensure depreciation of fixed assets for year end is correct.

Last updated:

Eastern Health Authority
0/01/1900**6.0 Debtors other than rates****6.1 Objective**

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

6.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
1	Debtors invoices and credit notes are either inaccurately recorded or not recorded at all.	a	An invoice is requested to be raised.	Requested by:	Finance Administration Officer	Pro-forma request for invoice is regularly reviewed.
		b	Debtors input is posted. Incorrect input can be amended.	Input by:	Finance Administration Officer	
		c	Invoices raised are reviewed for completeness and accuracy.	Reviewed by:	Team Leader - Administration and Immunisation	Invoices are crossed checked prior to being emailed.
		d	Statements of accounts receivable are mailed to debtors	Prepared by:	Finance Administration Officer	Monthly follow up plan as per Debt Collection Standard Operating Procedure.
		e	Errors discovered after an invoice is raised are corrected by processing a 'debtors journal'.	Processed by:	Team Leader - Administration and Immunisation	Any errors identified are submitted by the Finance Administration Officer to the Team Leader - Administration and Immunisation for correction approval. Evidence of error retained and filed in Records Management System as per processed in MYOB.
		f	A copy of the debtor's invoices is retained.	Retained by:	Finance Administration Officer	Recorded in MYOB Accounting Software.
		g	Payments are received via the receipting system.	Receipted by:	Finance Administration Officer	Payment method is recorded in the accounting system (MYOB) including cheque numbers or electronic payment details.
		h	Debtors outstanding are reconciled to the general ledger control accounts on a monthly basis.	Reconciled by:	Team Leader - Administration and Immunisation	Evidence of monthly reconciliation retained and filed in EHA's Records Management System. Weekly Monthly debtors reports are maintained.

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6.0 Debtors other than rates

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

6.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
			i Audit trails and reconciliations are independently reviewed.	Reviewed by:	Financial Consultant	Creative Auditing has online access to the MYOB file.

Last updated:

Eastern Health Authority
0/01/1900**6.0 Debtors other than rates****6.1 Objective**

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

6.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
		j	Debtors and revenue are compared to budget regularly and significant variances investigated.	Investigated by:	Chief Executive Officer	Monthly debtors report is balanced to the GL account as part of EOM process. Outstanding debtors and all variances are followed up weekly per the reporting process.
		k	Credit notes are processed independently of the debtors processing function.	Processed by:	Team Leader - Administration and Immunisation	Credits are processed by Team Leader - Administration and Immunisation following evidence provided by Finance Administration Officer. Evidence of credit retained in Content Manager as per processed in MYOB.
2	An appropriate provision for doubtful debts is not recorded accurately.	a	Management reviews the provision for doubtful debts on a regular basis.	Reviewed by:	Chief Executive Officer	Pro-forma form completed for any doubtful debt. Authorised by Team Leader and CEO.
		b	Management reviews the debtors ageing profile on a regular basis and investigates any outstanding items.	Reviewed by:	Chief Executive Officer	If an issue with a debtor is identified and unable to be resolved by the Finance Administration Officer, it is submitted as an agenda item on the Management Meeting for resolution.
		c	Debtors and revenue are to be compared by management to the budget regularly significant variances are investigated.	Reviewed by:	Chief Executive Officer	
		d	Management is to approve all bad debt write-offs and movements in the provision for doubtful debts, in line with the Debt Collection Policy.	Approved by:	Chief Executive Officer	Refer to EHA's Debt Collection Policy. Debts will be written off when all reasonable attempts to recover outstanding amounts have been made or the costs of recovery are likely to equal or exceed the amount to be recovered.

Last updated: 0/01/1900

7.0 Receipting

7.1 Objective Accountability of monies due to EHA.

7.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
1	Cash float is inadequately safeguarded	a	The cash float is stored in secured facilities.	Stored by:	Receipting Staff	Stored in locked cupboard in reception.
		b	Access (i.e. passwords or keys) to the cash float safes/registers is limited to appropriately designated staff.	Limited to:	Receipting Staff	Keys are stored seperately. All administration staff have access to tin for clinic purposes.
		c	A register for cash floats is maintained.	Maintained by:	Team Leader - Administration and Immunisation	\$200 float. Cash Register is reconciled at the beginning and end of every clinic. Admin staff rostered onto clinic sign to verify reconciliation has been completed.
		d	The cash float is reconciled on a regular basis and these reconciliations are reviewed by an independent person. an independent person. the Finance Administration Officer.	Reconciled by:	Receipting Staff	Cash Register is reconciled at the beginning and end of every clinic.
				Reviewed by:	Finance Administration Officer	Any discrepancies are picked up when processing the bank statement reconciliation.
2	Receipts are either inaccurately recorded or not recorded at all	a	Receipts are recorded. Service users/customers are provided with a copy of the receipt on request and total weekly receipts (per register) are balanced to receipts deposited at bank.	Performed by:	Receipting Staff	Evidence of weekly balancing of receipts retained.

Last updated: 0/01/1900

7.0 Receipting

7.1 Objective Accountability of monies due to EHA.

7.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
		b	Bank statements are reconciled to the general ledger regularly. Weekly.	Reconciled by:	Finance Administration Officer	Monthly reconciliation documented and signed by Team Leader - Administration and Immunisation and CEO.
		c	Statements of customer accounts-receivable are mailed to customers. (Refer to Accs Receivable tab)	Emailed by:	Finance Administration Officer	Monthly review of outstanding accounts.
3	Receipts are not deposited at the bank on a timely basis.	a	Cash receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Deposited by:	Finance Administration Officer	Weekly. Monthly banking completed each Friday.
		b	Cash is physically transferred to the bank in a secure manner.	Transferred by:	Team Leader - Administration and Immunisation	
		c	Bank statements are reconciled to the general ledger on a monthly basis. (refer to 2 B)	Reconciled by:	Team Leader - Administration and Immunisation	Monthly reconciliation documented.
4	Offsite collection of monies is not handled correctly.	a	Receipts are provided for monies received where requested.	Provided by:	Receipting Staff	
		b	Cash floats are reconciled on a regular basis and these reconciliations are signed by the Chief Executive Officer.	Reviewed by:	Receipting Staff	Cash Register is reconciled at the beginning and end of every clinic. Spot checks to be completed by both Team Leader - Administration & Immunisation and CEO.

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8.0 Payroll

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

8.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)	
1	Employee provisions are either inaccurately recorded or not recorded at all.	a	i	Staff requests for leave require approval.	Approved by:	Chief Executive Officer	Refer to EHA's Template of Leave Application Form.
			ii	Taken leave is recorded independent from the approval.	Recorded by:	Finance Administration Officer	Leave taken is recorded in MYOB as part of the fortnightly Payroll process. Recorded in MYOB payroll when leave taken. Leave forms are filed in the records management system under the employees personnel file. filed in records management system in personnel file and leave forms for the year leave taken.
		b	The methodology used to calculate salary sacrifice calculations and employee provisions to ensure consistency with statutory reporting requirements is reviewed.	Reviewed by:	Financial Consultant	All calculations are authorised by Team Leader and CEO prior to adjustment in pay.	
		c	Employee provisions are reviewed on a regular basis.	Reviewed by:	Financial Consultant	Creative Auditing has access to the online MYOB file.	
		d	Actual employee costs and employee provisions are compared to budget on a regular basis and significant variances investigated.	Performed by:	Chief Executive Officer	Payroll expenses are tracked as part of EOM process, this includes updating of YTD salaries report which also costs out against yearly budget. updated as part of EOM process into payroll report & signed off by CEO prior to 10th of next month. Costed against budget allocations.	

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8.0 Payroll

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

8.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
		e	Access to payroll/provision masterfiles is restricted to designated and qualified staff.	Accessible by:	Team Leader - Administration and Immunisation	Limited access of staff who process payroll and CEO to this area in MYOB. Access to payroll in MYOB is restricted to Finance Administration Officer and Team Leader - Administration and Immunisation.

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8.0 Payroll

8.1 **Objective**

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

8.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)	
	2 Payroll calculations are inaccurate	a	i Timesheets are checked.	Checked by:	Finance Administration Officer	Relevant Team Leaders responsible for checking Timebooks and Flexitime system.	
			ii Timesheets are authorised.	Authorised by:	Finance Administration Officer	Relevant Team Leaders responsible for checking Timebooks and Flexitime system.	
			iii Timesheet are checked for logic, additions and input codes are added.	Checked by:	Finance Administration Officer	Relevant Team Leaders responsible for checking Timebooks and Flexitime system.	
			b	Leave applications entitlements are checked.	Checked by:	Team Leader - Administration and Immunisation	Calculations prepared and are recorded and saved into employees Electronic Personnel file.
			c	Overtime applications are checked and authorised.	Authorised by:	Team Leader - Administration and Immunisation	Overtime forms prepared and are recorded and saved into employees Electronic Personnel file.
			d	i Masterfile changes are authorised.	Authorised by:	Chief Executive Officer	CEO to authorise changes to Personnel masterfiles in MYOB.
				ii Masterfile changes are independently checked for correct input.	Checked by:	Chief Executive Officer	Evidence of independent review of masterfile changes as per fortnightly pay cycle authorisation from CEO.

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8.0 Payroll

8.1 **Objective**

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

8.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)	
		e	i	Errors in a timesheet require the submission of an amended sheet.	Checked by:	Finance Administration Officer	
			ii	Other input errors are corrected during pay preparation or in a subsequent pay	Input by:	Finance Administration Officer	
		f		The update to the general ledger is performed once all pay preparation is complete for a pay period.	Checked by:	Finance Administration Officer	
		g		Data input to an incorrect general ledger account number is corrected by a general journal.	Performed by:	Team Leader - Administration and Immunisation	Evidence of journal stored in Payroll processed in MYOB.
		h		The payroll software produces various warnings to indicate likely errors.	Reviewed by:	Team Leader - Administration and Immunisation	
		i		Actual payroll expense is compared to budget by management; significant variances are investigated and approved by management.	Compared by:	Chief Executive Officer	Payroll expenses are tracked as part of EOM process, this includes updating of YTD salaries report which also costs out against yearly budget. updated as part of EOM process into payroll report & signed off by CEO prior to 10th of next month. Costed against budget allocations.

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8.0 Payroll

8.1 **Objective**

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

8.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
3	Payroll disbursements are made to incorrect or fictitious employees.	a	EFT payroll disbursements involve two people in the approval and transfer process.	1st approval:	Chief Executive Officer	Note: Team Leader - Administration and Immunisation as alternative.
				2nd approval:	Team Leader - Environmental Health	
		b	The EFT bank payment report is printed and retained.	Performed by:	Finance Administration Officer	Scanned into electronic records management system.
		c	Departmental managers perform a regular review of report detailing all employees listed on payroll masterfile; all unusual items are investigated.	Performed by:	Chief Executive Officer	Review by CEO of any changes on master files.

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8.0 Payroll

8.1 **Objective**

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

8.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
4	Time and attendance data is either invalid, inaccurately recorded or not recorded at all.	a	Salary and hourly payroll reports (including compensation and withholding information) are reviewed and approved by management.	Performed by:	Team Leader - Administration and Immunisation	Evidence of review and approval. Relevant Team Leaders are responsible for approval.
		b	Time recording and attendance exceptions based on expectations established by management are identified, monitored and corrected.	Performed by:	Team Leader - Administration and Immunisation	Relevant Team Leaders are responsible for checking Timebooks and Flexitime system for attendance. Any variations flagged are notified in writing to Finance Administration Officer for accurate Payroll processing.
		c	Overtime hours worked and payments for such overtime are authorised by management for all employees who are paid for overtime.	Performed by:	Chief Executive Officer	Overtime form is completed by employee and authorised by relevant Team Leader and CEO.
		d	Time key (time flex) employees is reconciled regularly between timesheets and payroll reports to ensure that all time entered manually into payroll system is accurate.	Reconciled by:	Team Leader - Administration and Immunisation	Relevant Team Leaders responsible for checking Timebooks and Flexitime system. Evidence of reconciliation.

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8.0 Payroll

8.1 **Objective**

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

8.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
5	Payroll masterfile does not remain pertinent	a	Payroll masterfile data is periodically reviewed for accuracy and pertinence.	Performed by:	Team Leader - Administration	Evidence of periodic review.
		b	Departmental managers periodically review listings of current employees within their departments and notify the personnel department of necessary changes.	Performed by:		Evidence of periodic review.
		c	Payroll masterfile data is edited and validated. Identified errors are corrected.	Performed by:	Team Leader - Administration and Immunisation	Identified errors are documented.
		d	The ability to view, modify, or transfer information contained in the payroll masterfiles is restricted to authorised personnel.	Accessible by:	Team Leader - Administration and Immunisation	MYOB security settings in place to prevent unauthorised access.
		e	Variations between payroll masterfiles and time recording system are investigated and appropriate action taken.	Investigated by:	Team Leader - Administration and Immunisation	Relevant Team Leaders are responsible for checking Timebooks and Flexitime system for attendance which may cause variances in payroll processing. Any variations flagged are investigated and appropriate action taken.
		f	Significant changes (supported by adequate audit trail) to the payroll masterfiles approved by management	Approved by:	Chief Executive Officer	Evidence of significant changes approved by management.
6	Voluntary and statutory payroll deductions are	a	The payroll deduction information is periodically reviewed for accuracy and ongoing pertinence.	Reviewed by:	Finance Administration Officer	Evidence of deduction information being reviewed.

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8.0 Payroll

8.1 **Objective**

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

8.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)	
	inaccurately processed.	b	Changes to the payroll deduction information are compared to authorised source documents to ensure that they were input accurately.	Performed by:	Finance Administration Officer	Evidence of comparison undertaken.	
		c	Payroll deduction information is periodically reviewed for compliance with statutory requirements.	Performed by:	Finance Administration Officer	Evidence of periodic review.	
		d	All payroll deductions must be approved by the relevant employee.	Approved by:		All deductions authorised by Employee in writing and copy kept in Electronic Personnel File	
	7	Salary sacrifice transactions are inaccurately processed.	a	All original salary sacrifice transactions must be approved by the relevant employee. Approval is obtained prior to processing transactions into the payroll system.	Approved by:		All calculations authorised by CEO
			b	Management reviews a selection of salary sacrifice calculations for accuracy and compliance with statutory requirements; identified errors are promptly corrected.	Performed by:	Financial Consultant	All calculations authorised by CEO
	8	Pay is not distributed to employees in a timely manner.	a	Procedures to pay staff manually in the event that the electronic bank payment systems are off-line.	Managed by:	Team Leader - Administration and Immunisation	Procedure in place and is part of Emergency Management Procedures.

Last updated:

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9.0 Purchases and payments

9.1 Objective

Operation of a purchasing and payment function for EHA.

9.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
1	Petty cash is inadequately safeguarded.	a	Petty cash is stored in secured facilities (e.g. safes, registers).		Receiving Staff	Cash Float is stored in locked cabinet at desk of Finance Administration Officer. reception-locked-cupboard. Cash Float reconciliation as at 16/11/2020.
		b	Access (i.e. passwords or keys) to the petty cash safes/registers is limited to appropriately designated staff.		Administration Officer	Two Administration staff assigned access to petty cash. Finance Administration Officer manages all areas of Petty Cash. Keys for petty cash tin are kept in a locked drawer at the desk of Finance Administration Officer, with the spare key held with the Team Leader - Administration and Immunisation.
		c	A register for cash Petty cash is maintained by Finance Administration Officer. appropriately designated staff.		Administration Officer	Electronic petty cash records kept. All documents are scanned into electronic records management system.
		d	Petty cash is reconciled on a regular basis (i.e. daily as funds are depleted) and these reconciliations are reviewed by an independent person Chief Executive Officer.	Reviewed by:	Chief Executive Officer	Reconciliation of petty cash records are completed as part of EOM as part of the replenishment process. All reimbursements completed and approval by CEO by 10th of next month.
2	Bank payments are either inaccurately recorded or not recorded at all.	a	EHA ensures an appropriate level of authority when advised of account numbers and account number changes for electronic transfers.	Checked by:	Team Leader - Administration and Immunisation	Evidence of authorisation of account number changes Finance Administration Officer will request formal notification in writing of the account changes. This is then authorised by Team Leader - Administration and Immunisation.
		b	Access to the creditor masterfile data is restricted to minimise the likelihood of unauthorised bank account number changes.	Restricted to:	Team Leader - Administration and Immunisation	Limited access in MYOB. MYOB user access has been created with limited restrictions per USER access.

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9.0 Purchases and payments

9.1 **Objective** Operation of a purchasing and payment function for EHA.

9.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
		c	Blank cheques kept stored securely.	Controlled by:	Team Leader – Administration and Immunisation	Stored in Locked/Secure location

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9.0 Purchases and payments

9.1 **Objective** Operation of a purchasing and payment function for EHA.

9.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)	
			Access to the electronic banking system requires two appropriately designated personnel.	1st approval:	Chief Executive Officer	Chief Executive Officer: Michael Livori	
				2nd approval:	Team Leader - Environmental Health	Team Leader - Environmental Health: Nadia Conci Note: Kristen Paparella: alternative	
		e	Bank statements are reviewed frequently so any unauthorised access can be identified in a timely manner (phishing).	Reviewed by:	Team Leader - Administration and Immunisation	Weekly reviews of bank statement are performed. Cash flow monitored to identify any variances.	
		f	Bank reconciliations are performed on a regular basis and are reviewed by an independent person. Any identified discrepancies are investigated immediately.	Performed by:	Team Leader - Administration and Immunisation	Bank reconciliations are completed as part of EOM process.	
				Reviewed by:	Chief Executive Officer	Evidence of independent review.	
	3	Accounts payable amounts are either inaccurately recorded or not recorded at all	a	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable sub-ledger regularly and differences are investigated.	Reconciled by:	Finance Administration Officer	
			b	Actual expenditures are compared to budget regularly; management reviews and approves significant variances.	Compared by:	Chief Executive Officer	Expenditure investigated against budget each qtr EOM and review as part of the budget review process. Any variances over \$5k to be explained to the board.
			c	Invoices for services received are authorised and accompanied by appropriate supporting documentation.	Authorised by:	Chief Executive Officer	Purchase Orders required for purchases.

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9.0 Purchases and payments

9.1 **Objective** Operation of a purchasing and payment function for EHA.

9.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)	
			d	Goods received are matched with purchase order details and/or invoices.	Matched by:	Finance Administration Officer	Invoices are checked for Goods Received stamp prior to authorisation and payment.
	4	Creditor disbursements are not valid.	a	All disbursements must be approved by management in accordance with Delegations of Authority.	Approved by:	Chief Executive Officer	
			b	Management reviews supporting documentation before approving payments.	Reviewed by:		Evidence of management independent review. Each individual invoice is approved by Chief Executive Officer prior to the payment batch being processed via Bank SA portal.
			c	There is a robust procedure for electronic funds transfer payments to reduce the likelihood of monies being credited to the wrong bank accounts.	Processed by:	Finance Administration Officer	Advices of bank accounts filed in EHA's Records Management System.
	5	Accounts payable are not paid on a timely basis	a	A process is in place for obtaining Invoice authorisation is obtained in a timely manner (2 days prior to payment) .	Approved by:	Chief Executive Officer	Account Payments processed twice monthly.
			b	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable sub-ledger regularly and differences are investigated. Duplicate - refer to 3 A	Reconciled by:	Team Leader Administration and Immunisation	

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9.0 Purchases and payments

9.1 **Objective** Operation of a purchasing and payment function for EHA.

9.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)	
	6	Accrued expenses are either inaccurately recorded or not recorded at all	a	Actuals are compared to budget on a regular basis.	Compared by:	Chief Executive Officer	Expenditure investigated against budget each quarter EOM EOM and review as part of the budget review process. Any variances over \$5k to be explained to the board.
			b	Accrued expenses reconciliations are prepared on a regular basis and are reviewed by an independent person.	Prepared by:	Team Leader - Administration and Immunisation	At the end of financial year. Accrued expenses are not recognised in the general ledger before they have been paid.
				Reviewed by:	Financial Consultant	At EOFY any adjustments required are processed by our external accountant.	
	7	EHA's cash reserves run out.	a	Management reviews cash position of EHA on an on-going basis, involving comparison to budgets; significant variances investigated by management.	Reviewed by:	Chief Executive Officer	
			b	The Long Term Financial Plans are updated annually for actual income and expenditure.	Updated by:	Financial Consultant	The long term financial plan last went to the audit committee in August and the board in September 2021.

Last updated:

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9.0 Purchases and payments

9.1 **Objective** Operation of a purchasing and payment function for EHA.

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

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9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

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

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9.0 Purchases and payments

9.1 **Objective** Operation of a purchasing and payment function for EHA.

9.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	10	Supplier masterfile does not remain pertinent	a	Supplier masterfile data is periodically reviewed independently for accuracy and ongoing pertinence.	Reviewed by:	Team Leader - Administration and Immunisation	Evidence of periodic review.
			b	Significant changes to the supplier masterfile are approved by management.	Approved by:	Team Leader - Administration and Immunisation	Evidence of approval.
			c	Access to the supplier masterfile is restricted to appropriately designated personnel.	Restricted to:	Team Leader - Administration and Immunisation	List of approved user access.
			d	Supplier masterfile is edited and validated; identified errors are corrected promptly.	Corrected by:	Team Leader - Administration and Immunisation	Document identified errors.
			e	Suppliers that have not been used for a significant period of time are reviewed and marked for deletion by the application.	Deleted by:	Team Leader - Administration and Immunisation	Evidence of review.

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9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

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

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9.0 Purchases and payments

9.1 **Objective** Operation of a purchasing and payment function for EHA.

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

6.0 Eastern Health Authority – Audit Committee FY2022 Workplan

	Aug 2021	Dec 2021	May 2022	Notes
End of Financial Year				
Auditor Attendance	<input checked="" type="checkbox"/>			
External Audit Recommendations-Status Update				
Long Term Financial Plan	<input checked="" type="checkbox"/>			
Year end - General Purpose Financial Statements	<input checked="" type="checkbox"/>			
Performance Reports				
Annual Business Plan & Budget				
First Budget Review				
Second Budget Review				
Policy				
Debtors Policy				Awaiting finalised policy
Fraud and Corruption Prevention Policy				
Risk and Opportunity Management Policy				
Risk Management				
Corporate Risk Register	<input checked="" type="checkbox"/>			
Internal Controls Review				
Terms of Reference				
Audit Committee - Annual Evaluation	<input checked="" type="checkbox"/>			
Review Terms of Reference				