



Audit Committee Meeting

22 August 2022



local councils working together to protect the health of the community



**EASTERN HEALTH AUTHORITY
AUDIT COMMITTEE MEETING**

MONDAY 22 August 2022

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 Monday 22 August 2022 commencing at 5.00 pm.

**MICHAEL LIVORI
CHIEF EXECUTIVE OFFICER**



AGENDA

EASTERN HEALTH AUTHORITY AUDIT COMMITTEE MEETING

MONDAY 22 August 2022
Commencing at 5.00

- 1 Opening
- 2 Apologies
- 3 Presiding Member's Remarks
- 4 Confirmation of previous Minutes
- 5 Reports
 - 5.1 Draft General Purpose Financial Statements for The Year Ended 30 June 2022
Attachment 1
Attachment 2
Attachment 3
 - 5.2 Report on Financial Results for the Year Ended 30 June 2022.....
Attachment 1
Attachment 2
 - 5.3 Long-Term Financial Plan Revised Financial Estimates
Attachment 1
 - 5.4 Debtors Policy
Attachment 1
Attachment 2

5.5 Eastern Health Authority (EHA) Audit Committee Annual Evaluation Report
2021/2022.....

Attachment 1.....

6 EHA FY2023 Workplan

7 Closure of meeting

5.1 DRAFT GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Author: Michael Livori

Ref: AF21/41

Summary

This report presents the draft General Purpose Financial Statements for the year ended 30 June 2022 (the statements) for review by the Audit Committee (the Committee).

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

The Terms of Reference for the Committee include at section 10.1.1 an expectation that the Committee monitors the integrity of the financial statements of EHA, including its annual report, reviewing significant reporting issues and judgements which they contain.

Report

The General Purpose Financial Reports for the year ending 30 June 2022 have been prepared in accordance with the Local Government (Financial Management) Regulations 2011, Australian Accounting Standards, and the South Australian Model Financial Statements for 2022. They reflect the operations of EHA between the period 1 July 2021 and 30 June 2022.

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

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

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

As detailed in the reports, EHA is reporting an Operating Deficit of \$13,674 for 2021-2022 compared to a \$90,365 operating surplus in 2020-2021.

The external auditors conducted a remote balance date audit and final audit through July and August 2021. The 2022 statements presented as part of this report are based on the draft provided to the external auditors. Some minor amendments may be required to be made prior to the meeting date and the results will continue to be refined until final audit sign-off. Any significant disclosure or presentation issues identified by the external auditors will be presented as an update at this committee meeting by David Francis (Lead Auditor) from Bentleys who will be in attendance.

A copy of the Audit Completion report has been received and is provided as attachment 3. The auditors intend to issue an unmodified audit opinion over the financial report of Eastern Health Authority.

The only current year matter raised by the Auditor was in relation to a suggestion to implement Enterprise Resource Planning which would integrate timesheets with the payroll system. Management are currently making enquiries in relation to suitable potential systems.

Outstanding prior year observations in relation to Credit account balances in receivables and Long Service Leave entitlement of a casual employee have been resolved to the auditor's satisfaction.

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

- the external auditor be advised that the Committee is satisfied that the draft statements present fairly the state of affairs of the organisation
- the final audited statements be presented to the Board of Management, and
- the Presiding Member of the Audit Committee is authorised to sign a statement to certify the independence of the external auditors.

Subsequent to the outcomes of the Committee's review at this meeting a final draft of the 2022 statements will be prepared for presentation to the Board of Management at its 31 August 2022 meeting.

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

Differences when comparing 2021 and 2022 Financial Statements

A full comparison of the 2021 and 2022 audited financial results is provided as attachment 2.

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

Statement of Comprehensive Income				
	2021/2022	2020/2021	Variation	Commentary
Income				
Statutory Charges	111,391	150,625	(39,234)	Decrease in expiation income and expiations unrecoverable written off
User Charges	295,541	236,151	59,390	Immunisation Services to Unley/Adelaide Hills.
Grants and subsidies	226,108	256,514	(30,406)	End of PHN funding

Statement of Comprehensive Income Cont.				
	2021/2022	2020/2021	Variation	Commentary
Expenses				
Employee Costs	1,750,609	1,635,933	114,676	Reduction in time to replace staff, commencement of immunisation service provision contracts
Depreciation/Amortisation and Impairment	168,844	190,797	(21,953)	Application of AAASB Standard 16 Leases
Net Surplus/(Deficit)	(13,674)	90,365	(104,039)	
Statement of Financial Position				
Total Current Assets	871,963	971,797	(99,834)	Decrease in cash.
Total Non-Current Assets	1,214,249	1,300,714	(86,465)	Decrease due to application of AAASB Standard 16 Leases – value of leased assets
Total Current Liabilities	563,485	648,864	(85,379)	Reduction in payables, provisions and borrowings
Total Non-Current Liabilities	971,157	1,058,403	(87,246)	Reduction in borrowings
Total Liabilities	1,534,642	1,707,267	(172,625)	See above
Net Assets	551,570	565,244	(13,674)	Income Statement result
Statement of Cash Flows				
Net Cash Provided / (used) by Operating Activities	51,983	253,598	(202,615)	See Note 7
Net Increase (Decrease) in cash held	(142,013)	61,586	(203,599)	See Note 7
Cash and cash equivalents at end of period	640,883	782,896	(142,013)	See Note 7
Statement of Changes in Equity				
Accumulated Surplus Balance at end of Period	551,570	565,244	(13,674)	Income Statement result
Total Equity Balance at end of Period	551,570	565,244	(13,674)	Income Statement result

RECOMMENDATION

That:

1. The Draft General Purpose Financial Statements for the Year ending 30 June 2022 Report is noted.
2. The Committee is satisfied that the 2021/2022 draft statements present fairly the state of affairs of the organisation.
3. The 2021/2022 final audited statements are presented to the Board of Management.
4. The Presiding Member of the Audit Committee is authorised to sign a statement to certify the independence of the external auditors.

Eastern Health Authority
General Purpose Financial Reports
for the year ended 30 June 2022

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EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

CERTIFICATION OF FINANCIAL STATEMENTS

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

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of EHA’s financial position at 30 June 2022 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Council’s financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council’s accounting and other records.

.....
Michael Livori
CHIEF EXECUTIVE OFFICER

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

Date:

Eastern Health Authority
Statement of Comprehensive Income
for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
INCOME			
Council Contributions	2	1,828,263	1,821,865
Statutory charges	2	111,391	150,625
User charges	2	295,541	236,151
Grants, subsidies and contributions	2	226,108	256,514
Investment income	2	4,320	4,901
Other income	2	3,585	4,549
Total Income		<u>2,469,208</u>	<u>2,474,605</u>
EXPENSES			
Employee costs	3	1,750,609	1,635,933
Materials, contracts & other expenses	3	516,677	509,065
Depreciation, amortisation & impairment	3	168,844	190,797
Finance costs	3	46,752	48,445
Total Expenses		<u>2,482,882</u>	<u>2,384,240</u>
OPERATING SURPLUS / (DEFICIT)		<u>(13,674)</u>	<u>90,365</u>
Other Comprehensive Income		<u>-</u>	<u>-</u>
Total Other Comprehensive Income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>(13,674)</u>	<u>90,365</u>

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

Eastern Health Authority
Statement of Financial Position
as at 30 June 2022

ASSETS	Notes	2022	2021
		\$	\$
Current Assets			
Cash and cash equivalents	4	640,883	782,896
Trade & other receivables	4	231,080	188,901
Total Current Assets		<u>871,963</u>	<u>971,797</u>
Non-current Assets			
Infrastructure, property, plant & equipment	5	1,214,249	1,300,714
Total Non-current Assets		<u>1,214,249</u>	<u>1,300,714</u>
Total Assets		<u>2,086,212</u>	<u>2,272,511</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	6	133,225	163,940
Borrowings	6	140,794	177,021
Provisions	6	289,466	307,903
Total Current Liabilities		<u>563,485</u>	<u>648,864</u>
Non-current Liabilities			
Borrowings	6	961,297	1,036,687
Provisions	6	9,860	21,716
Total Non-current Liabilities		<u>971,157</u>	<u>1,058,403</u>
Total Liabilities		<u>1,534,642</u>	<u>1,707,267</u>
NET ASSETS		<u>551,570</u>	<u>565,244</u>
EQUITY			
Accumulated Surplus		<u>551,570</u>	<u>565,244</u>
TOTAL EQUITY		<u>551,570</u>	<u>565,244</u>

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

Eastern Health Authority
Statement of Changes in Equity
for the year ended 30 June 2022

2022	Notes	Acc'd Surplus \$	TOTAL EQUITY \$
Balance at end of previous reporting period		565,244	565,244
Net Surplus / (Deficit) for Year		(13,674)	(13,674)
Balance at end of period	9	551,570	551,570

2021	Notes	Acc'd Surplus \$	TOTAL EQUITY \$
Balance at end of previous reporting period		474,879	474,879
Net Surplus / (Deficit) for Year		90,365	90,365
Balance at end of period	9	565,244	565,244

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

Eastern Health Authority
Statement of Cash Flows
for the year ended 30 June 2022

		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	\$	\$
Receipts:			
Council Contributions		1,828,263	1,821,865
Statutory Charges		111,391	150,625
User charges		227,946	227,736
Investment receipts		4,044	5,757
Grants utilised for operating purposes		226,108	256,514
Other revenues		3,585	4,549
Payments:			
Employee costs		(1,764,556)	(1,637,628)
Materials, contracts & other expenses		(536,431)	(525,832)
Finance payments		(48,367)	(49,988)
Net Cash provided by (or used in) Operating Activities		51,983	253,598
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments:			
Expenditure on renewal/replacement of assets		(82,379)	-
Net Cash provided by (or used in) Investing Activities		(82,379)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments:			
Repayments of borrowings		(74,132)	(70,732)
Repayment of principal portion of lease liabilities		(37,485)	(121,280)
Net Cash provided by (or used in) Financing Activities		(111,617)	(192,012)
Net Increase (Decrease) in cash held		(142,013)	61,586
Cash & cash equivalents at beginning of period	7	782,896	721,310
Cash & cash equivalents at end of period	7	640,883	782,896

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

Eastern Health Authority

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 1 - Significant Accounting Policies

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

1.5 Covid-19

The COVID-19 pandemic has impacted the 2021/22 financial statements. The financial impacts are a direct result of either EHA response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

2 The Local Government Reporting Entity

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

3 Income recognition

3.1 Revenue

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

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

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

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 1 - Significant Accounting Policies

4 Cash, Cash Equivalents and Other Financial Instruments

4.1 Cash, Cash Equivalent Assets

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

4.2 Other Financial Instruments

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments also form part of Note 8.

5 Property, Plant & Equipment

5.1 Initial Recognition

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

5.2 Materiality

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

5.3 Depreciation of Non-Current Assets

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

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

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

5.4 Impairment

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

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

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

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022
Note 1 - Significant Accounting Policies

6 Payables**6.1 Goods & Services**

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

6.2 Payments Received in Advance & Deposits

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

7 Borrowings

Borrowings are initially recognised at fair value net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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

8 Provisions**8.1 Employee Benefits**

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

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

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

Superannuation:

The Authority makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Authority's involvement with the schemes are reported in Note 11.

9 Leases

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

Authority as a lessee:

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

i) Right-of-use assets

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

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 1 - Significant Accounting Policies

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 6.5 - Impairment of non-financial assets above.

ii) Lease liabilities

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

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

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

10 GST Implications

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

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

11 New and amended standards and interpretations

EHA applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. New standards and amendments relevant to EHA are listed below. EHA has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to AASB 16 Covid-19 Related Rent Concessions:

In 2020, the AASB issued AASB 2020-4, Amendments to AASBs - Covid-19-Related Rent Concessions. The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, in 2021 the AASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. This amendment had no impact on the consolidated financial statements of the Group.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 2 - INCOME

	Notes	2022 \$	2021 \$
COUNCIL CONTRIBUTIONS			
City of Burnside		448,572	438,131
Campbelltown City Council		478,298	452,548
City of Norwood, Payneham & St Peters		571,786	586,308
City of Prospect		225,897	210,656
Town of Walkerville		103,710	103,032
Public Health Plan/Service Review (equal constituent share)		-	31,190
		<u>1,828,263</u>	<u>1,821,865</u>
STATUTORY CHARGES			
Inspection Fees: Food		91,848	91,852
Inspection Fees: Legionella		8,524	10,665
SRF Licences		2,145	3,255
Fines & expiation fees		8,874	44,853
		<u>111,391</u>	<u>150,625</u>
USER CHARGES			
Immunisation: Clinic Vaccines		68,441	62,086
Immunisation: Service Provision		69,000	-
Immunisation: Worksite Vaccines		73,044	96,879
Immunisation: Clinic Service Fee		1,050	-
Food Auditing		84,006	77,186
		<u>295,541</u>	<u>236,151</u>
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		4,320	4,901
		<u>4,320</u>	<u>4,901</u>
OTHER INCOME			
Motor Vehicle Reimbursements		2,992	3,705
Sundry		593	844
		<u>3,585</u>	<u>4,549</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Immunisation: School Programme		182,701	180,024
Immunisation: AIR		18,240	21,860
Immunisation: PHN Project		25,167	54,630
		<u>226,108</u>	<u>256,514</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 3 - EXPENSE

	Notes	2022 \$	2021 \$
EMPLOYEE COSTS			
Salaries and Wages		1,510,095	1,434,514
Employee leave expense		18,047	35,942
Superannuation - defined contribution plan contributions	11	144,032	128,218
Superannuation - defined benefit plan contributions	11	16,909	16,100
Workers' Compensation Insurance		16,451	17,050
Other - Agency staff and Consultant Medical Officer		45,075	4,109
Total Operating Employee Costs		<u>1,750,609</u>	<u>1,635,933</u>
Total Number of Employees		18	18
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		8,300	8,000
Bad and Doubtful Debts		4,251	-
Governance expenses		10,437	4,158
Lease Expenses	10	15,783	3,769
Subtotal - Prescribed Expenses		<u>38,771</u>	<u>15,927</u>
<u>Other Materials, Contracts & Expenses</u>			
Accounting		5,127	8,848
Contractors		23,154	26,065
Energy		8,868	9,066
Fringe benefits tax		14,272	14,272
Human resources		15,657	7,573
Income protection		25,692	18,355
Insurance		30,085	29,245
IT licencing & support		147,883	119,736
Legal Expenses		13,560	28,646
Motor vehicle expenses		19,895	15,399
Parts, accessories & consumables		94,211	143,529
Printing & stationery		17,660	21,155
Staff training		13,410	6,924
Sundry		22,327	24,150
Telephone		17,758	14,414
Work health & safety consultancy		8,347	5,761
Subtotal - Other Materials, Contracts & Expenses		<u>477,906</u>	<u>493,138</u>
		<u>516,677</u>	<u>509,065</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 3 - EXPENSE con't

	2022	2021
Notes	\$	\$
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings & Other Structures	23,642	23,642
Office Equipment, Furniture & Fittings	14,247	15,877
Right of Use Assets	130,955	151,278
	<u>168,844</u>	<u>190,797</u>
FINANCE COSTS		
Interest on Loans	5,532	6,332
Interest on Leases	41,220	42,113
	<u>46,752</u>	<u>48,445</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 4 - CURRENT ASSETS

	Notes	2022 \$	2021 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		159,713	405,770
Deposits at Call		481,170	377,126
		<u>640,883</u>	<u>782,896</u>
TRADE & OTHER RECEIVABLES			
Accrued Revenues		369	93
Debtors - general		230,711	163,116
Prepayments		-	25,692
		<u>231,080</u>	<u>188,901</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

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

		2021			2022				
		\$			\$				
	Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
	Buildings & Other Structures	-	472,846	(235,612)	237,234	-	472,846	(259,254)	213,592
Office Equipment, Furniture & Fittings	-	264,186	(235,983)	28,203	-	264,185	(250,229)	18,501	
Right of Use Assets	-	1,333,000	(297,723)	1,035,277	-	1,325,000	(342,844)	982,156	
Total IPP&E	-	2,070,032	(769,318)	1,300,714	-	2,062,031	(852,327)	1,214,249	
Comparatives	-	2,070,032	(578,521)	1,491,511	-	2,070,032	(769,318)	1,300,714	

This Note continues on the following pages.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 5 -PROPERTY, PLANT & EQUIPMENT

	2021	Carrying Amounts Movement During the Year				2022
	\$	\$				\$
Carrying Amount		Additions		Disposals	Dep'n	Carrying Amount
		New / Upgrade	Renewals			
Buildings & Other Structures	237,234	-	-	-	(23,642)	213,592
Office Equipment, Furniture & Fittings	28,203	-	4,545	-	(14,247)	18,501
Right of Use Assets	1,035,277	-	77,834	-	(130,955)	982,156
Total IPP&E	1,300,714	-	82,379	-	(168,844)	1,214,249
<i>Comparatives</i>	1,491,511	-	-	-	(190,797)	1,300,714

This note continues on the following pages.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 6 - LIABILITIES

	Notes	2022		2021	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		75,708	-	122,323	-
Accrued expenses - employee entitlements		54,921	-	38,575	-
Accrued expenses - other		836	-	2,451	-
GST Payable		1,760	-	591	-
		133,225	-	163,940	-
BORROWINGS					
Loans		38,391	-	74,132	38,391
Leases Liabilities	10	102,403	961,297	102,889	998,296
		140,794	961,297	177,021	1,036,687
PROVISIONS					
LSL Employee entitlements (including oncosts)		165,971	9,860	167,217	21,716
AL Employee entitlements (including oncosts)		123,495	-	140,686	-
		289,466	9,860	307,903	21,716

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 7 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2022	2021
		\$	\$
Total cash & equivalent assets	4	640,883	782,896
Balances per Cash Flow Statement		<u>640,883</u>	<u>782,896</u>

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

Net Surplus (Deficit)		(13,674)	90,365
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		168,844	190,797
Net increase (decrease) in unpaid employee benefits		(13,947)	(1,695)
		<u>141,223</u>	<u>279,467</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(42,179)	(33,251)
Net increase (decrease) in trade & other payables		(47,061)	7,382
Net Cash provided by (or used in) operations		<u>51,983</u>	<u>253,598</u>

(c) Financing Arrangements

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

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

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 8 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned

Terms & conditions: Deposits are returning fixed interest rates 0.30% (2021: 0.30%).

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

Receivables - Fees & other charges

Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method

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

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

Receivables - other levels of government

Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

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

Carrying amount: approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy: initially recognised at fair value and subsequently at amortised cost, interest is charged as an expense using the effective interest rate

Carrying amount: approximates fair value.

Liabilities - Finance Leases

Accounting Policy: accounted for in accordance with AASB 16 as stated in Note 10

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 8 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2022	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	640,883	-	-	640,883	640,883
Receivables	233,141	-	-	233,141	231,080
Total	874,024	-	-	874,024	871,963
Financial Liabilities					
Payables	77,861	-	-	77,861	77,468
Current Borrowings	38,391	-	-	38,391	38,391
Lease Liabilities	102,403	347,325	613,972	1,063,700	1,063,700
Total	218,655	347,325	613,972	1,179,952	1,179,559
2021					
Financial Assets	\$	\$	\$	Total Contractual Cash Flows	Carrying Values
Cash & Equivalents	782,896	-	-	782,896	782,896
Receivables	163,209	-	-	163,209	163,209
Total	946,105	-	-	946,105	946,105
Financial Liabilities					
Payables	122,914	-	-	122,914	122,914
Current Borrowings	74,132	-	-	74,132	74,132
Lease Liabilities	102,889	330,236	668,060	1,101,185	1,101,185
Non-Current Borrowings	-	38,391	-	38,391	38,391
Total	299,935	368,627	668,060	1,336,622	1,336,622

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

	30 June 2022		30 June 2021	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Fixed Interest Rates	4.75	38,391	4.75	122,523
		38,391		122,523

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 8 - FINANCIAL INSTRUMENTS (con't)

Net Fair Value

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

Risk Exposures:

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

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

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

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

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 9 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2022	2021
	\$	\$
Income	2,469,208	2,474,605
Expenses	<u>(2,482,882)</u>	<u>(2,384,240)</u>
Operating Surplus / (Deficit)	(13,674)	90,365
 Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(82,379)	-
Add back Depreciation, Amortisation and Impairment	168,844	190,797
	<u>86,465</u>	<u>190,797</u>
Net Lending / (Borrowing) for Financial Year	<u>72,791</u>	<u>281,162</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 10 - OPERATING LEASES

Authority as a Lessee

Right of Use Aset

(include decription of assets which are leased)

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

Carrying Value	Building & Structures	Motor Vehicles	Office Equipment	Total
At 1 July 2021	1,008,000	27,277	-	1,035,277
Additions	-	77,834	-	77,834
Depreciation Charge	(96,000)	(34,955)	-	(130,955)
At 30 June 2022	912,000	70,156	-	982,156

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

	2022	2021
Opening Balance 1 July 2021	1,101,185	1,222,465
Additions	77,834	-
Payments	(115,349)	(121,280)
Closing Balance 30 June 2022	1,063,670	1,101,185
Current	102,403	102,889
Non Current	961,267	998,296

The maturity analysis of lease liabilities is included in note 8

The following are amounts recognised on profit or loss:

Depreciation expense right of use asset	-	151,278
Interest expense on lease liabilities	41,220	42,113
Expenses relating to short term leases	15,783	3,769
Total amount recognised in profit and loss	57,003	197,160

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 11 – SUPERANNUATION

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2020-21; 10.0% in 2021-22). No further liability accrues to the EHA as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. EHA makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2020-21) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2022. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to EHA's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 12 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingencies, assets or liabilities not recognised in the financial statements for the year ended 30 June 2022.

Note 13 - EVENTS OCCURRING AFTER REPORTING DATE

There are no events subsequent to 30 June 2022 that need to be disclosed in the financial statements.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 14 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

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

	2022	2021
	\$	\$
Salaries, allowances & other short term benefits	190,215	180,314
TOTAL	190,215	180,314

Amounts received from Related Parties during the financial year:

	2022	2021
	\$	\$
City of Burnside	448,572	438,131
Campbelltown City Authority	478,298	452,548
City of Norwood, Payneham & St Peters	571,786	586,308
City of Prospect	225,897	210,656
Town of Walkerville	103,710	103,032
Public Health Plan/Service Review (equal constituent share)	-	31,190
TOTAL	1,828,263	1,821,865

Amounts paid to Related Parties during the financial year:

	2022	2021
	\$	\$
City of Norwood, Payneham & St Peters	110,754	108,739
TOTAL	110,754	108,739

Description of Services provided to all related parties above:

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



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2022, the Auditor, Bentleys SA Audit Partnership, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

.....
Michael Livori
CHIEF EXECUTIVE OFFICER

.....
Madeleine Vezis
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date:

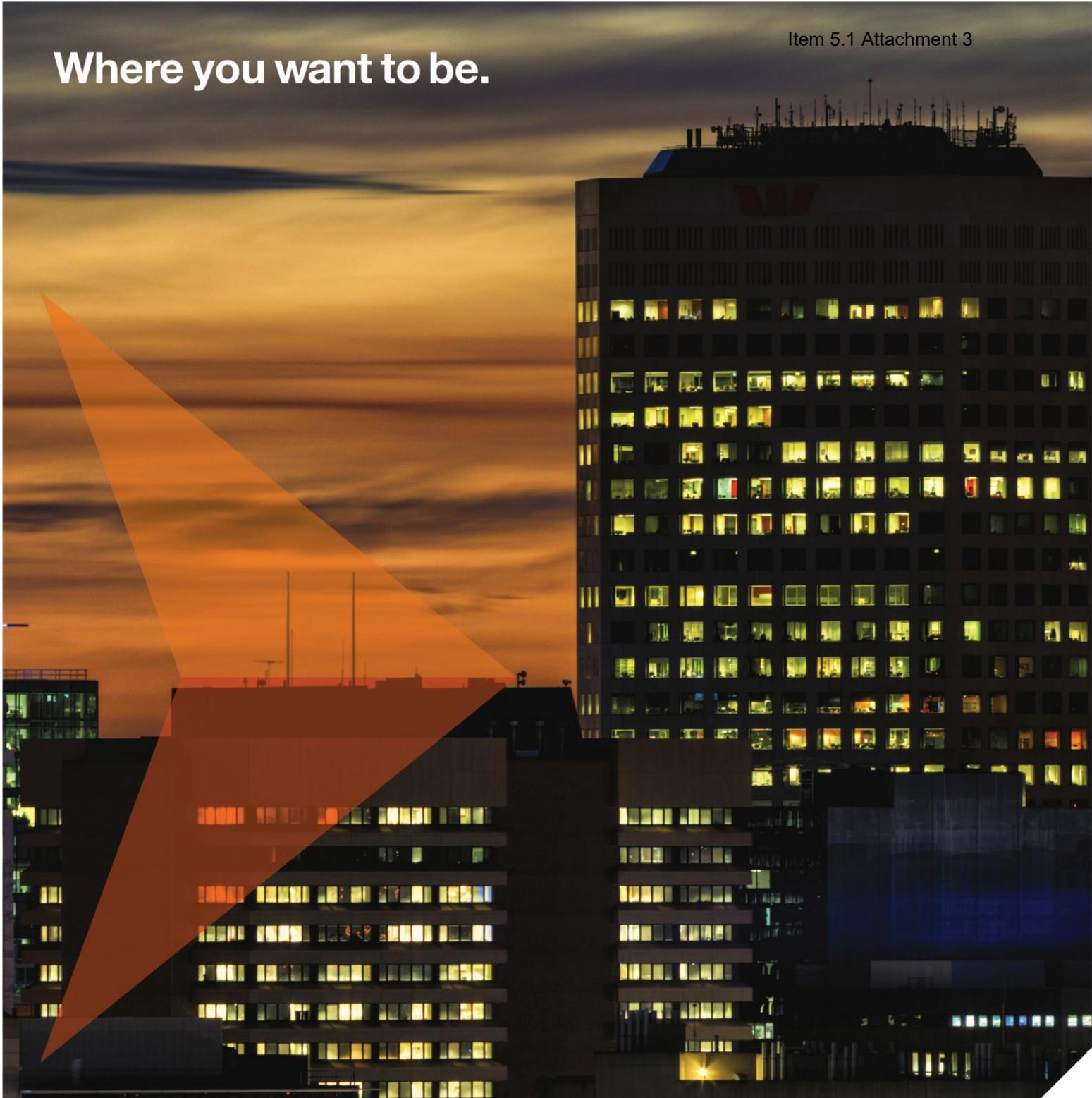
EASTERN HEALTH AUTHORITY STATEMENT OF COMPREHENSIVE INCOME COMPARISON OF AUDITED RESULTS TO PREVIOUS YEARS RESULTS FOR THE YEAR ENDING 30 JUNE 2022				
	AUDITED RESULT 2021/2022	ACTUAL 2020/2021	Variation from 2020/2021	Variation from 2020/2021
INCOME			\$	%
Council Contributions	1,828,263	1,790,675	37,588	2.1%
Public Health Plan / Service Review Contributions		31,190	(31,190)	N/A
Statutory Charges	111,391	150,625	(39,234)	-35.2%
User Charges	295,541	236,151	59,390	20.1%
Grants, subsidies and contributions	226,108	256,514	(30,406)	-13.4%
Investment Income	4,320	4,901	(581)	-13.4%
Other Income	3,585	4,549	(964)	-26.9%
TOTAL INCOME	2,469,208	2,474,605	(5,397)	-0.2%
EXPENSES		-		
Employee Costs	1,750,609	1,635,933	114,676	6.6%
Materials, contracts and other expenses	516,677	509,065	7,612	1.5%
Finance Charges	46,752	48,445	(1,693)	-3.6%
Depreciation/Amortisation and Impairment	168,844	190,797	(21,953)	-13.0%
TOTAL EXPENSES	2,482,882	2,384,240	98,642	4.0%
Operating Surplus/(Deficit)	(13,674)	90,365	(104,039)	
		-		
Net gain (loss) on disposal of assets	-	-		
Net Surplus/(Deficit)	(13,674)	90,365	(104,039)	
		-		
Total Comprehensive Income	(13,674)	90,365	(104,039)	

EASTERN HEALTH AUTHORITY STATEMENT OF CASH FLOWS COMPARISON OF AUDITED RESULTS TO PREVIOUS YEARS RESULTS FOR THE YEAR ENDING 30 JUNE 2022				
	AUDITED RESULT	ACTUAL 2020/2021	Variation from 2020/2021	Variation from 2020/2021
CASHFLOWS FROM OPERATING ACTIVITIES		-	\$	%
Receipts		-		
Council Contributions	1,828,263	1,821,865	6,398	0.3%
Fees & other charges	111,391	150,625	(39,234)	-35.2%
User Charges	227,946	227,736	210	0.1%
Investment Receipts	4,044	5,757	(1,713)	-42.4%
Grants utilised for operating purposes	226,108	256,514	(30,406)	-13.4%
Other	3,585	4,549	(964)	-26.9%
Payments		-		
Employee costs	(1,764,556)	(1,637,628)	(126,928)	7.2%
Materials, contracts & other expenses	(536,431)	(525,832)	(10,599)	2.0%
Finance Payments	(48,367)	(49,988)	1,621	-3.4%
Net Cash Provided/(Used) by Operating Activities	51,983	253,598	(201,615)	
CASH FLOWS FROM FINANCING ACTIVITIES		-		
Loans Received	-	-	-	
Repayment of Borrowings	(74,132)	(70,732)	(3,400)	4.6%
Repayment of Finance Lease Liabilities	(37,485)	(121,280)		
Net Cash Provided/(Used) by Financing Activities	(111,617)	(192,012)	(3,400)	0
CASH FLOWS FROM INVESTING ACTIVITIES		-		
Receipts		-		#DIV/0!
Sale of Replaced Assets	-	-	-	#DIV/0!
Payments		-		#DIV/0!
Expenditure on renewal / replacements of assets	(82,379)	-	-	0.0%
Expenditure on new / upgraded assets	-	-	-	#DIV/0!
Distributions paid to constituent Councils	-	-	-	#DIV/0!
Net Cash Provided/(Used) by Investing Activities	(82,379)	-	(82,379)	
NET INCREASE (DECREASE) IN CASH HELD	(142,013)	61,586	(203,599)	
CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD	782,896	721,310	61,586	
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	640,883	782,896	(142,013)	

EASTERN HEALTH AUTHORITY STATEMENT OF FINANCIAL POSITION COMPARISON OF AUDITED RESULTS TO PREVIOUS YEARS RESULTS FOR THE YEAR ENDING 30 JUNE 2022				
	AUDITED RESULT	ACTUAL 2020/2021	Variation from 2020/2021	Variation from 2020/2021
CURRENT ASSETS		-	\$	%
Cash and Cash Equivalents	640,883	782,896	(142,013)	-22.2%
Trade & Other Receivables	231,080	188,901	42,179	18.3%
TOTAL CURRENT ASSETS	871,963	971,797	(99,834)	-11.4%
NON-CURRENT ASSETS		-		
Infrastructure, property, plant and equipment	1,214,249	1,300,714	(86,465)	-7.1%
TOTAL NON-CURRENT ASSETS	1,214,249	1,300,714	(86,465)	-7.1%
TOTAL ASSETS	2,086,212	2,272,511	(186,299)	-8.9%
CURRENT LIABILITIES		-		
Trade & Other Payables	133,225	163,940	(30,715)	-23.1%
Provisions	289,466	307,903	(18,437)	-6.4%
Borrowings	140,794	177,021	(36,227)	-25.7%
TOTAL CURRENT LIABILITIES	563,485	648,864	(85,379)	-15.2%
NON-CURRENT LIABILITIES		-		
Provisions	9,860	21,716	(11,856)	-120.2%
Borrowings	961,297	1,036,687	(75,390)	-7.8%
TOTAL NON-CURRENT LIABILITIES	971,157	1,058,403	(87,246)	-9.0%
TOTAL LIABILITIES	1,534,642	1,707,267	(172,625)	-11.2%
NET CURRENT ASSETS/(CURRENT LIABILITIES)	308,478	322,933	(14,455)	-4.7%
NET ASSETS	551,570	565,244	(13,674)	-2.5%
EQUITY		-		
Accumulated Surplus/(Deficit)	551,570	565,244	(13,674)	-2.5%
TOTAL EQUITY	551,570	565,244	(13,674)	-2.5%

EASTERN HEALTH AUTHORITY STATEMENT OF CHANGES IN EQUITY COMPARISON OF AUDITED RESULTS TO PREVIOUS YEARS RESULTS FOR THE YEAR ENDING 30 JUNE 2022				
	AUDITED RESULT	AUDITED RESULTS 2020/2021	Variation from 2019/2020	Variation from 2019/2020
ACCUMULATED SURPLUS		-	\$	
Balance at beginning of period	565,244	474,879	90,365	
Net Surplus/(Deficit)	(13,674)	90,365	(104,039)	
BALANCE AT END OF PERIOD	551,570	565,244	(13,674)	
TOTAL EQUITY		-	\$	
Balance at beginning of period	565,244	474,879	90,365	0.0%
Net Surplus/(Deficit)	(13,674)	90,365	(104,039)	0.0%
BALANCE AT END OF PERIOD	551,570	565,244	(13,674)	

Where you want to be.



August 2022

Eastern Health Authority

Report of Audit Findings

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

 Advisors  Accountants  Auditors

Executive summary

We are providing our report on the audit of Eastern Health Authority for the year ended 30/06/2022.

Dear Board of Management

We have conducted our financial audit of Eastern Health Authority for the year ended 30/06/2022 and report to management and those charged with governance the following matters for information purposes and for consideration of implementation or corrective action.

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

The following matters are reported to management:

Current Year Matters:

- Implementing ERP

Update on prior year matters:

1. Credit account balances in receivables
2. LSL entitlement of casual employee

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

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

Sincerely,



David Francis
Partner,
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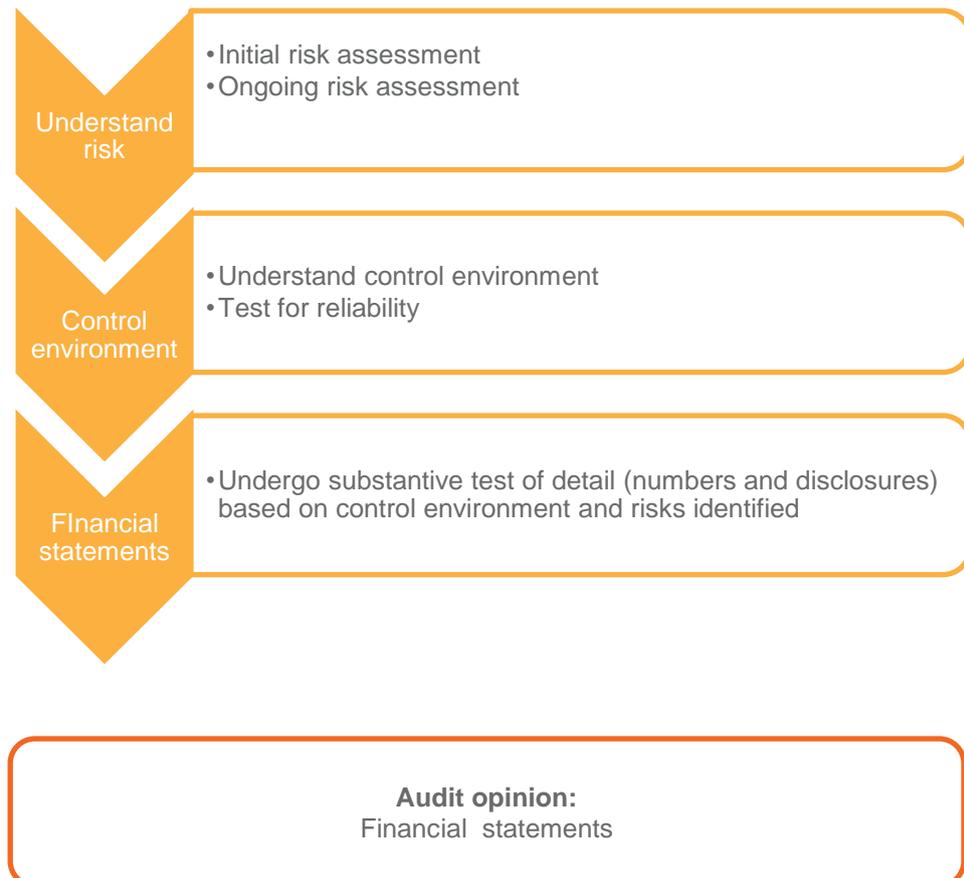


Audit approach

Helping businesses achieve their goals and aspirations.

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

1. Audit efficiency
2. Increased organisational assurance
3. A review of your control environment
4. Timely and effective audits



Identified audit risks

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

Risk identified at planning

Area

Provision for doubtful debts

Risk

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

Audit Approach

We reviewed the aged receivables summary as of 30 June 2022 and performed an assessment of management's debtor analysis.

Outcome

We understand that a comprehensive review of the debtors ledger has occurred during the year, and as a result \$4,250 of uncollectible debtors were written off. Credit balances have also been reduced. There is no provision for doubtful debts at 30 June 2022. We have accepted management's assertion that the debtors balance will be collected.



Financial statement matters for the year

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

Current year matter

Implementing Enterprise Resource Planning (ERP)

Observation

The current suite of management systems used by EHA do not all integrate with each other, and require a level of manual processing. This includes the timesheet system (Flexi Minder and manual time books); payroll module (myob) and billing employee's time for food audits.

Recommendation

We understand that implementing new integrated systems can be expensive, and the nature of the employee base may not always be conducive to electronic timesheets.

However, for efficiency and to reduce the risk of manual transposition errors, it is preferable that the systems should integrate with each other.

Management response

EHA management are currently reviewing the accounting and related systems to identify if changes should be made.



Status of prior points raised

Prior Year Issue 1

1. Credit account balances in Receivables (2020)

Prior Year Observations

The MYOB debtor reconciliation report includes account balances in credit totalling \$6,069. Majority of this balance had long been outstanding with some credit balances dating back as far as 2010.

Current Year follow-up

The debtors ledger has been cleaned up during the year and the account balances in credit has reduced to \$929. We are happy that this matter has been resolved.

Prior Year Issue 3

2. Long service leave (LSL) entitlement of casual employee (2021)

Prior year 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.

Under the South Australian Long Service Leave Act 1987 (the Act), casual employees are entitled to long service leave. The payment for a period of leave is based on the ordinary hours worked per week or the average weekly hours over the previous 3 years of service.

Current Year follow-up

The long-standing casual employee has been included in the calculation of provision for long service leave as at 30 June 2022. This has now been resolved.



Matters for those charged with governance

Fraud

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

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

Legal compliance

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

Financial reporting and accounting policies

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

Going concern

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

Cooperation with management

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



Where you want to be

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 Advisors  Accountants  Auditors



5.2 REPORT ON FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022

Author: Michael Livori

Ref: AF19/143

Summary

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

Report

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

Statement of Comprehensive Income

- Total Operating Income was \$141,555 (-6%) less than budgeted.
- Total Operating Expenditure was \$107,395 (-4%) less than budgeted.
- More detail in relation to income and expenditure variations is provided later in the report (see Funding Statement section of report).
- The operating result estimate was a deficit of \$13,674 compared to a budgeted result of a \$20,486 surplus.
- The operating result is \$34,160 less than the budgeted result.

Statement of Cash Flow

- Cash and Cash Equivalents (C&CE) at the End of Reporting Period was \$640,833.
- C&CE were \$128,756 less than the budgeted estimate.

Statement of Financial Position

- Total Assets are \$2,086,212.
- A significant proportion of the recorded assets is due to the application of AAASB Standard 16 Leases which requires the estimated value of leases to be treated as an asset (Equipment) on Balance Sheet. EHA has a long-term rental lease for its office facility in the St Peters library Complex and a number of short-term motor vehicle leases (value of leases – see Note 10).
- Total liabilities are \$1,534,642

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

Total Equity is \$551,570 which is \$34,142 less than the budgeted estimate.

Statement of Changes in Equity

The net result of a \$13,674 deficit was \$34,142 less favourable than the budgeted estimate.

Total Equity reduced by \$13,674, and at the end of the reporting period is now \$551,570.

Eastern Health Authority Funding Statement 2021/2022

EHA's Funding Statement 2021/2022 provides more detailed information in relation to individual budget line performance against both the Original and Revised budget. The Funding Statement is provided as attachment 2.

The table below details income variations against the Revised Budget of greater than \$10,000 and where appropriate an explanation for the variation. Unfavourable variations are shown in red, while favourable variations are green.

Income Variations		
Budget Line	Variation	Reason
Food Inspection Fees	(30,152)	Staff Unavailable for periods of year
Fines	(41,126)	Less fines issued, 12K of fines written off as unrecoverable
Worksite Immunisation	(36,956)	Reduced numbers provided than budgeted, influenced heavily by State Government free flu program
Child Immunisation register	(11,760)	Less contribution received for 0-5 years of age
PHN Project	(14,833)	Unexpended funds returned

The variation in relation to total actual income received as compared to budgeted income is **(\$141,555)** or **-5.4%** (Actual \$2,469,208 / Budgeted \$2,610,763).

The following table details expenditure variations of greater than \$10,000 and where appropriate an explanation for the variation. Unfavourable variations are shown in red, while favourable variations are black.

Expenditure Variations		
Budget Line	Variation	Reason
Total Employee Costs	(\$101,391)	Staff on long term leave, time in replacing staff
Maintenance	(\$14,377)	Reduction in maintenance expenses
Vehicle Lease	\$18,775	Increase in lease costs allocated to operating budget due to lease continuations.
Immunisation Clinic Vaccines	\$12,567	Increase in fee for service vaccines purchased.

The variation in relation to total expenditure as compared to budgeted expenditure is **(\$107,395)** or **-4.2%** (Actual \$2,482,882/ Budgeted \$2,590,277).

The Budgeted Net Operating Result was a surplus of \$20,486, while the actual Net Operating Result was a deficit of \$13,674 (a difference of **-\$34,160**).

RECOMMENDATION

That:

The report on Financial Results for the Year Ending 30 June 2022 is received.

EASTERN HEALTH AUTHORITY STATEMENT OF COMPREHENSIVE INCOME								
COMPARISON OF AUDITED RESULTS TO ADOPTED BUDGET								
FOR THE YEAR ENDING 30 JUNE 2022								
	ADOPTED BUDGET 2021/2022	SEPTEMBER REVIEW	DECEMBER REVIEW	MARCH REVIEW	REVISED BUDGET 2021/2022	AUDITED RESULT 2021/2022	VARIATION AGAINST REVISED BUDGET	VARIATION AGAINST REVISED BUDGET
							\$	%
INCOME								
Council Contributions	1,828,263	-	-	-	1,828,263	1,828,263	-	0%
Public Health Plan / Service Review Contributions	-	-	-	-	-	-	-	#DIV/0!
Statutory Charges	181,500	-	-	-	181,500	111,391	(70,109)	-39%
User Charges	256,000	-	70,000	-	326,000	295,541	(30,459)	-9%
Grants, subsidies and contributions	254,000	-	-	-	254,000	226,108	(27,892)	-11%
Investment Income	10,000	-	-	-	10,000	4,320	(5,680)	-57%
Other Income	11,000	-	-	-	11,000	3,585	(7,415)	-67%
TOTAL INCOME	2,540,763	-	70,000	-	2,610,763	2,469,208	(141,555)	-6%
EXPENSES								
Employee Costs	1,802,000	-	50,000	-	1,852,000	1,750,609	(101,391)	-5%
Materials, contracts and other expenses	526,000	24,000	-	-	550,000	516,677	(33,323)	-6%
Finance Charges	44,209	(1,209)	-	-	43,000	46,752	3,752	9%
Depreciation/Amortisation and Impairment	168,554	(23,277)	-	-	145,277	168,844	23,567	16%
TOTAL EXPENSES	2,540,763	(486)	50,000	-	2,590,277	2,482,882	(107,395)	-4%
Operating Surplus/(Deficit)	-	486	20,000	-	20,486	(13,674)	(34,160)	
Net gain (loss) on disposal of assets	-	-	-	-	-	-	-	
Net Surplus/(Deficit)	-	486	20,000	-	20,486	(13,674)	(34,160)	
Total Comprehensive Income	-	486	20,000	-	20,486	(13,674)	(34,160)	

EASTERN HEALTH AUTHORITY STATEMENT OF CASH FLOWS								
COMPARISON OF AUDITED RESULTS TO ADOPTED BUDGET								
FOR THE YEAR ENDING 30 JUNE 2022								
	ADOPTED BUDGET 2021/2022	SEPTEMBER REVIEW	DECEMBER REVIEW	MARCH REVIEW	REVISED BUDGET 2021/2022	AUDITED RESULT	VARIATION AGAINST REVISED BUDGET	VARIATION AGAINST REVISED BUDGET
							\$	%
CASHFLOWS FROM OPERATING ACTIVITIES								
Receipts								
Council Contributions	1,828,263	-	-	-	1,828,263	1,828,263	-	0%
Fees & other charges	181,500	-	-	-	181,500	111,391	(70,109)	-39%
User Charges	256,000	-	70,000	-	326,000	227,946	(98,054)	-30%
Investment Receipts	10,000	-	-	-	10,000	4,044	(5,956)	-60%
Grants utilised for operating purposes	254,000	-	-	-	254,000	226,108	(27,892)	-11%
Other	11,000	-	-	-	11,000	3,585	(7,415)	-67%
Payments								
Employee costs	(1,802,000)	-	(50,000)	-	(1,852,000)	(1,764,556)	87,444	-5%
Materials, contracts & other expenses	(652,166)	103,359	-	-	(548,807)	(536,431)	12,376	-2%
Finance Payments	(44,209)	-	-	-	(44,209)	(48,367)	(4,158)	9%
Net Cash Provided/(Used) by Operating Activities	42,388	103,359	20,000	-	165,747	51,983	(113,764)	-
CASH FLOWS FROM FINANCING ACTIVITIES								
Loans Received								
Repayment of Borrowings	(76,131)	-	-	-	(76,131)	(74,132)	1,999	-
Repayment of Finance Lease Liabilities	-	(102,873)	-	-	(102,873)	(37,485)	65,388	-
Net Cash Provided/(Used) by Financing Activities	(76,131)	(102,873)	-	-	(179,004)	(111,617)	67,387	-
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Sale of Replaced Assets	-	-	-	-	-	-	-	-
Payments								
Expenditure on renewal / replacements of assets	-	-	-	-	-	(82,379)	(82,379)	-
Expenditure on new / upgraded assets	-	-	-	-	-	-	-	-
Distributions paid to constituent Councils	-	-	-	-	-	-	-	-
Net Cash Provided/(Used) by Investing Activities	-	-	-	-	-	(82,379)	(82,379)	-
NET INCREASE (DECREASE) IN CASH HELD	(33,743)	486	20,000	-	(13,257)	(142,013)	(128,756)	-
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	89,162	20,000	-	769,639	640,883	(128,756)	-

EASTERN HEALTH AUTHORITY STATEMENT OF FINANCIAL POSITION								
COMPARISON OF AUDITED RESULTS TO ADOPTED BUDGET								
FOR THE YEAR ENDING 30 JUNE 2022								
	ADOPTED BUDGET 2021/2022	SEPTEMBER REVIEW	DECEMBER REVIEW	MARCH REVIEW	REVISED BUDGET 2021/2022	AUDITED RESULT	VARIATION AGAINST REVISED BUDGET	VARIATION AGAINST REVISED BUDGET
CURRENT ASSETS							\$	%
Cash and Cash Equivalents	660,477	89,162	20,000	-	769,639	640,883	(128,756)	-17%
Trade & Other Receivables	155,650	33,251	-	-	188,901	231,080	42,179	22%
TOTAL CURRENT ASSETS	816,127	122,413	20,000	-	958,540	871,963	(86,577)	-9%
NON-CURRENT ASSETS								
Infrastructure, property, plant and equipment	1,129,957	25,480	-	-	1,155,437	1,214,249	58,812	5%
TOTAL NON-CURRENT ASSETS	1,129,957	25,480	-	-	1,155,437	1,214,249	58,812	5%
TOTAL ASSETS	1,946,084	147,893	20,000	-	2,113,977	2,086,212	(27,765)	-4%
CURRENT LIABILITIES								
Trade & Other Payables	157,719	6,221	-	-	163,940	133,225	(30,715)	-19%
Provisions	307,885	18	-	-	307,903	289,466	(18,437)	-6%
Borrowings	38,391	138,630	-	-	177,021	140,794	(36,227)	-20%
TOTAL CURRENT LIABILITIES	503,995	144,869	-	-	648,864	563,485	(85,379)	-13%
NON-CURRENT LIABILITIES								
Provisions	38,690	(16,974)	-	-	21,716	9,860	(11,856)	-55%
Borrowings	956,520	(98,835)	-	-	857,685	961,297	103,612	12%
TOTAL NON-CURRENT LIABILITIES	995,210	(115,809)	-	-	879,401	971,157	91,756	10%
TOTAL LIABILITIES	1,499,205	29,060	-	-	1,528,265	1,534,642	6,377	0%
NET CURRENT ASSETS/(CURRENT LIABILITIES)	312,132	(22,456)	20,000	-	309,676	308,478	(1,198)	0%
NET ASSETS	446,879	118,833	20,000	-	585,712	551,570	(34,142)	-6%
EQUITY								
Accumulated Surplus/(Deficit)	446,879	118,833	20,000	-	585,712	551,570	(34,142)	-6%
TOTAL EQUITY	446,879	118,833	20,000	-	585,712	551,570	(34,142)	-6%

EASTERN HEALTH AUTHORITY STATEMENT OF CHANGES IN EQUITY								
COMPARISON OF AUDITED RESULTS TO ADOPTED BUDGET								
FOR THE YEAR ENDING 30 JUNE 2022								
	ADOPTED BUDGET 2021/2022	SEPTEMBER REVIEW	DECEMBER REVIEW	MARCH REVIEW	REVISED BUDGET 2020/2021	AUDITED RESULT	VARIATION AGAINST REVISED BUDGET	VARIATION AGAINST REVISED BUDGET
ACCUMULATED SURPLUS							\$	%
Balance at beginning of period	446,879	118,347		-	565,226	565,244	18	0%
Net Surplus/(Deficit)	-	486	20,000	-	20,486	(13,674)	(34,160)	-167%
BALANCE AT END OF PERIOD	446,879	118,833	20,000	-	585,712	551,570	(34,142)	-8%
TOTAL EQUITY							\$	%
Balance at beginning of period	446,879	118,347	-	-	565,226	565,244	18	0%
Net Surplus/(Deficit)	-	486	20,000	-	20,486	(13,674)	(34,160)	-167%
BALANCE AT END OF PERIOD	446,879	118,833	20,000	-	585,712	551,570	(34,142)	-8%

EASTERN HEALTH AUTHORITY FUNDING STATEMENT 2021/2022				
COMPARISON OF BUDGET TO AUDITED RESULTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2022				
Income	Adopted Budget 2021-2022	Revised Budget	Actual Result	Variation to Revised Budget
Constituent Council Income				
City of Burnside	\$ 448,572	\$ 448,572	\$ 448,572	\$ -
City of Campbelltown	\$ 478,298	\$ 478,298	\$ 478,298	\$ -
City of Norwood Payneham & St Peters	\$ 571,786	\$ 571,786	\$ 571,786	\$ -
City of Prospect	\$ 225,897	\$ 225,897	\$ 225,897	\$ -
Town of Walkerville	\$ 103,710	\$ 103,710	\$ 103,710	\$ -
Total Constituent Council Contributions	\$ 1,828,263	\$ 1,828,263	\$ 1,828,263	\$ -
Statutory Charges				
Food Inspection fees	\$ 122,000	\$ 122,000	\$ 91,848	\$ (30,152)
Legionella registration and Inspection	\$ 8,000	\$ 8,000	\$ 8,524	\$ 524
SRF Licenses	\$ 1,500	\$ 1,500	\$ 2,145	\$ 645
Fines	\$ 50,000	\$ 50,000	\$ 8,874	\$ (41,126)
Total Statutory Charges	\$ 181,500	\$ 181,500	\$ 111,391	\$ (70,109)
User Charges				
Immunisation Service Provision	\$ -	\$ 70,000	\$ 69,000	\$ (1,000)
Immunisation - non funded vaccines	\$ 60,000	\$ 60,000	\$ 69,491	\$ 9,491
Immunisation - Worksites	\$ 110,000	\$ 110,000	\$ 73,044	\$ (36,956)
Food Auditing	\$ 84,000	\$ 84,000	\$ 84,006	\$ 6
Food Safety Training	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Total User Charges	\$ 256,000	\$ 326,000	\$ 295,541	\$ (30,459)
Grants, Subsidies, Contributions				
School Based immunisation Program	\$ 184,000	\$ 184,000	\$ 182,701	\$ (1,299)
Child Immunisation register	\$ 30,000	\$ 30,000	\$ 18,240	\$ (11,760)
Adelaide PHN Immunisation Community Engagement Project	\$ 40,000	\$ 40,000	\$ 25,167	\$ (14,833)
Total Grants, Subsidies, Contributions	\$ 254,000	\$ 254,000	\$ 226,108	\$ (27,892)
Investment Income				
Interest on investments	\$ 10,000	\$ 10,000	\$ 4,320	\$ (5,680)
Total Investment Income	\$ 10,000	\$ 10,000	\$ 4,320	\$ (5,680)
Other Income				
Motor Vehicle re-imburements	\$ 4,000	\$ 4,000	\$ 2,992	\$ (1,008)
Sundry Income	\$ 7,000	\$ 7,000	\$ 593	\$ (6,407)
Total Other Income	\$ 11,000	\$ 11,000	\$ 3,585	\$ (7,415)
Total of non Constituent Council Income	\$ 712,500	\$ 782,500	\$ 640,945	\$ (141,555)
Total Income	\$ 2,540,763	\$ 2,610,763	\$ 2,469,208	\$ (141,555)

EASTERN HEALTH AUTHORITY FUNDING STATEMENT 2021/2022 (CONT)				
COMPARISON OF BUDGET TO AUDITED RESULTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2022 (cont)				
Expenditure	Adopted Budget 2021-2022	Revised Budget	Actual Result	Variation to Revised Budget
Employee Costs				
Salaries & Wages	\$ 1,600,000	\$ 1,645,000	\$ 1,555,170	\$ (89,830)
Superannuation	\$ 145,000	\$ 150,000	\$ 160,941	\$ 10,941
Workers Compensation	\$ 18,000	\$ 18,000	\$ 16,451	\$ (1,549)
Employee Leave Expenses	\$ 36,000	\$ 36,000	\$ 18,047	\$ (17,953)
Medical Officer Retainer and Agency Staff	\$ 3,000	\$ 3,000		\$ (3,000)
Total Employee Costs	\$ 1,802,000	\$ 1,852,000	\$ 1,750,609	\$ (101,391)
Prescribed Expenses				
Auditing and Accounting	\$ 15,000	\$ 15,000	\$ 13,427	\$ (1,573)
Bad and Doubtful Debts	\$ -	\$ -	\$ 4,251	\$ 4,251
Insurance	\$ 30,000	\$ 30,000	\$ 30,085	\$ 85
Maintenance	\$ 45,000	\$ 45,000	\$ 30,623	\$ (14,377)
Vehicle Leasing/maintenance	\$ 14,000	\$ 14,000	\$ 32,775	\$ 18,775
Total Prescribed Expenses	\$ 104,000	\$ 104,000	\$ 111,161	\$ 7,161
Rent and Plant Leasing				
Electricity	\$ 11,000	\$ 11,000	\$ 8,868	\$ (2,132)
Plant Leasing Photocopier	\$ 3,000	\$ 3,000	\$ 2,904	\$ (96)
Rent	\$ -	\$ -	\$ -	\$ -
Water	\$ 300	\$ 300	\$ -	\$ (300)
Gas	\$ 2,700	\$ 2,700	\$ -	\$ (2,700)
Total Rent and Plant Leasing	\$ 17,000	\$ 17,000	\$ 11,772	\$ (5,228)
IT Licensing and Support				
IT Licences and Subscriptions	\$ 73,000	\$ 73,000	\$ 67,723	\$ (5,277)
IT Support	\$ 52,000	\$ 76,000	\$ 67,487	\$ (8,513)
Internet	\$ 11,000	\$ 11,000	\$ 10,779	\$ (221)
IT Other	\$ 2,000	\$ 2,000	\$ 1,894	\$ (106)
Total IT Licensing and Support	\$ 138,000	\$ 162,000	\$ 147,883	\$ (14,117)
Administration				
Administration Sundry	\$ 6,000	\$ 6,000	\$ 7,748	\$ 1,748
Accreditation Fees	\$ 3,000	\$ 3,000	\$ -	\$ (3,000)
Governance Expenses	\$ 12,000	\$ 12,000	\$ 10,437	\$ (1,563)
Bank Charges	\$ 4,000	\$ 4,000	\$ 4,231	\$ 231
Public Health Sundry	\$ 5,000	\$ 5,000	\$ 5,933	\$ 933
Fringe Benefits Tax	\$ 15,000	\$ 15,000	\$ 14,272	\$ (728)
Health promotion	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Legal	\$ 20,000	\$ 20,000	\$ 13,560	\$ (6,440)
Printing & Stationery & Postage	\$ 20,000	\$ 20,000	\$ 17,660	\$ (2,340)
Telephone	\$ 19,000	\$ 19,000	\$ 17,758	\$ (1,242)
Work Health and Safety	\$ 10,000	\$ 10,000	\$ 8,347	\$ (1,653)
Rodenticide	\$ 2,000	\$ 2,000	\$ 1,950	\$ (50)
Staff Amenities	\$ 7,000	\$ 7,000	\$ 2,464	\$ (4,536)
Staff Training	\$ 22,000	\$ 22,000	\$ 13,410	\$ (8,590)
Human Resource / Organisational Development	\$ 16,000	\$ 16,000	\$ 15,657	\$ (343)
Total Administration	\$ 166,000	\$ 166,000	\$ 133,427	\$ (32,573)

EASTERN HEALTH AUTHORITY FUNDING STATEMENT 2021/2022 (CONT)				
COMPARISON OF BUDGET TO AUDITED RESULTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2022 (cont)				
Expenditure	Adopted Budget 2021-2022	Revised Budget	Actual Result	Variation to Revised Budget
Immunisation				
Immunisation SBP Consumables	\$ 9,000	\$ 9,000	\$ 10,895	\$ 1,895
Immunisation clinic vaccines	\$ 35,000	\$ 35,000	\$ 47,567	\$ 12,567
Immunisation worksite vaccines	\$ 30,000	\$ 30,000	\$ 25,030	\$ (4,970)
Immunisation PHN project	\$ -	\$ -	\$ 1,452	
Total Immunisation	\$ 74,000	\$ 74,000	\$ 84,944	\$ 9,492
Income protection				
Income Protection	\$ 25,000	\$ 25,000	\$ 25,692	\$ 692
Total Uniforms/Income protection	\$ 25,000	\$ 25,000	\$ 25,692	\$ 692
Sampling				
Legionella Testing	\$ 2,000	\$ 2,000	\$ 1,798	\$ (202)
Food Sampling	\$ -	\$ -	\$ -	\$ -
Total Sampling	\$ 2,000	\$ 2,000	\$ 1,798	\$ (202)
New Initiatives				
Website Upgrade	\$ -	\$ -	\$ -	\$ -
Public Health Plan Review	\$ -	\$ -	\$ -	\$ -
Service/Governance Review	\$ -	\$ -	\$ -	\$ -
Total New Initiatives	\$ -	\$ -	\$ -	\$ -
Total Materials, contracts and other expenses	\$ 526,000	\$ 550,000	\$ 516,677	\$ (33,323)
Total Operating Expenditure	\$ 2,328,000	\$ 2,402,000	\$ 2,267,286	\$ (134,714)
Finance Charges	\$ 44,209	\$ 43,000	\$ 46,752	\$ 3,752
Depreciation, amortisation and impairment	\$ 168,554	\$ 145,277	\$ 168,844	\$ 23,567
Total Expenditure	\$ 2,540,763	\$ 2,590,277	\$ 2,482,882	\$ (107,395)
Total Income	\$ 2,540,763	\$ 2,610,763	\$ 2,469,208	\$ (141,555)
Net Surplus/Deficit	\$ -	\$ 20,486	\$ (13,674)	\$ (34,160)
Depreciation Add Back	\$ 26,000	\$ 26,000	\$ 37,889	\$ 11,889
Amortisation Add Back	\$ 16,388	\$ 16,388	\$ 51,863	\$ 35,475
Loans Received	\$ -	\$ -	\$ -	\$ -
Capital Expenditure - plant and Equipment	\$ -	\$ -	\$ (4,545)	\$ (4,545)
Capital Expenditure - Office Fit-out	\$ -	\$ -	\$ -	\$ -
Loan Repayments	\$ (76,131)	\$ (76,131)	\$ (74,132)	\$ 1,999
Funding Result	\$ (33,743)	\$ (13,257)	\$ (2,599)	\$ 10,658

5.3 LONG-TERM FINANCIAL PLAN REVISED FINANCIAL ESTIMATES

Author: Michael Livori
Ref: AF13/78

Summary

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

Report

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

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

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

The LTFP is simply a projection of current operating arrangements moving forward.

The key assumptions (drivers) used to develop Long-Term financial estimates are required to be updated to reflect the current economic climate.

The Audit Committee are requested to provide input in relation to the new values (see table below).

	Previous	New
Growth	1.2%	x
CPI	1.5%	x
Wages	2.5%	x
Materials	1.5%	x

Revised Long-Term financial estimates based on the audited results from 2021/2022 and the currently used key assumptions detailed above are provided as attachment 1 for consideration.

The new drivers determined by the Audit Committee to be appropriate will be inputted into a further revision of the Long-Term financial estimates and this will then be presented to the Board of Management at their next meeting.

RECOMMENDATION

That:

1. Long-Term Financial Plan revised financial estimates report is received.

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

Eastern Health Authority													
Long Term Financial Plan Model													
ESTIMATED COMPREHENSIVE INCOME STATEMENT													
Year Ended 30 June:		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
		Actual	Estimate	Plan									
				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
INCOME													
Constituent Council Contributions	A	1,828,263	1,828,000	1,837,356	1,888,046	1,940,104	1,993,566	2,048,472	2,104,861	2,162,772	2,222,248	2,283,329	2,346,059
Statutory Charges	B	111,391	185,000	187,775	190,591	193,450	196,351	199,296	202,285	205,320	208,399	211,525	214,698
User Charges	C	295,541	407,000	413,105	419,302	425,592	431,975	438,455	445,032	451,708	458,483	465,361	472,341
Grants, subsidies, contributions	D	226,108	301,000	264,915	268,889	272,922	277,016	281,171	285,389	289,670	294,015	298,425	302,902
Investment Income	E	4,320	7,000	10,331	10,915	8,486	6,427	3,185	267	(2,773)	(582)	(2,001)	(3,361)
Other Income	G	3,585	11,000	11,165	11,333	11,503	11,676	11,851	12,029	12,210	12,394	12,580	12,769
Total Revenues		2,469,208	2,739,000	2,724,647	2,789,076	2,852,057	2,917,011	2,982,430	3,049,863	3,118,907	3,194,957	3,269,219	3,345,408
EXPENSES													
Employee costs	J	1,750,609	2,014,000	2,064,170	2,115,592	2,168,296	2,222,315	2,277,683	2,334,432	2,392,596	2,452,211	2,513,313	2,575,940
Materials, contracts & other expenses	K	516,677	549,025	541,241	575,553	584,487	593,555	602,758	612,100	621,583	631,207	640,975	650,890
Depreciation	L	168,844	163,843	145,342	145,342	145,342	145,342	145,342	145,342	145,342	32,198	814	0
Finance Costs	M	46,752	42,132	54,246	54,246	55,505	55,388	55,980	17,573	31,586	28,222	24,722	(24,893)
Total Expenses		2,482,882	2,769,000	2,804,999	2,890,733	2,953,630	3,016,600	3,081,763	3,109,447	3,191,107	3,143,838	3,179,824	3,201,937
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS		(13,674)	(30,000)	(80,352)	(101,657)	(101,573)	(99,589)	(99,333)	(59,584)	(72,200)	51,119	89,395	143,471
Other Comprehensive Income													
Changes in revaluation surplus - IPP&E		0	0	0	0	0	0	0	0	0	0	0	0
Total Other Comprehensive Income		0											
TOTAL COMPREHENSIVE INCOME		(13,674)	(30,000)	(80,352)	(101,657)	(101,573)	(99,589)	(99,333)	(59,584)	(72,200)	51,119	89,395	143,471

Long Term Financial Plan Model
ESTIMATED BALANCE SHEET

Year Ended 30 June:	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Actual	Estimate	Plan Year 1	Plan Year 2	Plan Year 3	Plan Year 4	Plan Year 5	Plan Year 6	Plan Year 7	Plan Year 8	Plan Year 9	Plan Year 10
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS												
Current Assets												
Cash & Equivalent Assets	640,883	683,283	708,499	658,673	618,364	548,744	487,529	423,538	490,647	467,797	446,747	472,874
Trade & Other Receivables	231,080	231,080	234,546	238,064	241,635	245,260	248,939	252,673	256,463	260,310	264,215	268,178
Total Current Assets	871,963	914,363	943,045	896,737	859,999	794,004	736,468	676,211	747,110	728,107	710,962	741,052
Non-Current Assets												
Infrastructure, Property, Plant & Equipment	1,214,249	1,050,406	905,064	759,722	614,380	469,038	323,696	178,354	33,012	814	0	0
Total Non-Current Assets	1,214,249	1,050,406	905,064	759,722	614,380	469,038	323,696	178,354	33,012	814	0	0
Total Assets	2,086,212	1,964,769	1,848,109	1,656,459	1,474,379	1,263,042	1,060,164	854,565	780,122	728,921	710,962	741,052
LIABILITIES												
Current Liabilities												
Trade & Other Payables	133,225	133,225	137,269	134,281	139,947	138,170	140,129	140,220	141,252	141,818	142,622	143,312
Borrowings	91,443	68,619	84,186	99,753	115,320	115,320	153,973	12,446	111,724	117,498	123,500	8,309
Provisions	289,466	289,466	317,434	314,836	327,997	333,477	343,148	351,008	360,103	368,899	378,180	387,558
Total Current Liabilities	514,134	491,310	538,889	548,870	583,264	586,967	637,250	503,674	613,079	628,215	644,302	539,179
Non-Current Liabilities												
Trade & Other Payables	9,860	9,860	10,159	9,938	10,357	10,226	10,371	10,378	10,454	10,496	10,555	10,606
Borrowings	1,010,648	942,029	857,843	758,090	642,770	527,450	373,477	361,031	249,307	131,809	8,309	0
Total Non-Current Liabilities	1,020,508	951,889	868,002	768,028	653,127	537,676	383,848	371,409	259,761	142,305	18,864	10,606
Total Liabilities	1,534,642	1,443,199	1,406,891	1,316,898	1,236,391	1,124,643	1,021,098	875,083	872,840	770,520	663,166	549,785
NET ASSETS	551,570	521,570	441,218	339,561	237,988	138,399	39,066	(20,518)	(92,718)	(41,599)	47,796	191,267
EQUITY												
Accumulated Surplus	551,570	521,570	441,218	339,561	237,988	138,399	39,066	(20,518)	(92,718)	(41,599)	47,796	191,267
TOTAL EQUITY	551,570	521,570	441,218	339,561	237,988	138,399	39,066	(20,518)	(92,718)	(41,599)	47,796	191,267

Eastern Health Authority Long Term Financial Plan Model ESTIMATED CASH FLOW STATEMENT													
Year Ended 30 June:	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
	Actual	Estimate	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
CASH FLOWS FROM OPERATING ACTIVITIES													
<u>Receipts</u>													
Constituent Council Contributions		1,828,000	1,833,890	1,884,528	1,936,533	1,989,941	2,044,793	2,101,127	2,158,982	2,218,401	2,279,424	2,342,096	
Statutory Charges		185,000	187,775	190,591	193,450	196,351	199,296	202,285	205,320	208,399	211,525	214,698	
User Charges		407,000	413,105	419,302	425,592	431,975	438,455	445,032	451,708	458,483	465,361	472,341	
Grants, subsidies, contributions		301,000	264,915	268,889	272,922	277,016	281,171	285,389	289,670	294,015	298,425	302,902	
Investment Income		7,000	10,331	10,915	8,486	6,427	3,185	267	(2,773)	(582)	(2,001)	(3,361)	
Other Income		11,000	11,165	11,333	11,503	11,676	11,851	12,029	12,210	12,394	12,580	12,769	
<u>Payments</u>													
Employee costs		(2,014,000)	(2,035,903)	#####	(2,154,716)	#####	(2,267,867)	#####	#####	(2,443,373)	#####	#####	
Materials, contracts & other expenses		(549,025)	(537,197)	(578,541)	(578,821)	(595,332)	(600,799)	(612,009)	(620,551)	(630,641)	(640,171)	(650,200)	
Finance Costs		(42,132)	(54,246)	(54,246)	(55,505)	(55,388)	(55,980)	(17,573)	(31,586)	(28,222)	(24,722)	24,893	
Net Cash provided by (or used in) Operating Activities		133,843	93,835	34,360	59,444	45,700	54,105	89,982	79,555	88,874	96,448	149,627	
CASH FLOWS FROM FINANCING ACTIVITIES													
<u>Payments</u>													
Repayments of Borrowings		(38,391)	0	0	0	0	0	0	0	0	0	0	
Repayment of Finance Lease Liabilities		(53,052)	(68,619)	(84,186)	(99,753)	(115,320)	(115,320)	(153,973)	(12,446)	(111,724)	(117,498)	(123,500)	
Net Cash provided by (or used in) Financing Activities		(91,443)	(68,619)	(84,186)	(99,753)	(115,320)	(115,320)	(153,973)	(12,446)	(111,724)	(117,498)	(123,500)	
Net Increase/(Decrease) in cash held		42,400	25,216	(49,826)	(40,309)	(69,620)	(61,215)	(63,991)	67,109	(22,850)	(21,050)	26,127	
Opening cash, cash equivalents or (bank overdraft)		640,883	683,283	708,499	658,673	618,364	548,744	487,529	423,538	490,647	467,797	446,747	
Closing cash, cash equivalents or (bank overdraft)	640,883	683,283	708,499	658,673	618,364	548,744	487,529	423,538	490,647	467,797	446,747	472,874	

Long Term Financial Plan Model

ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June:	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Actual	Estimate	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ACCUMULATED SURPLUS												
Balance at end of previous reporting period	565,244	551,570	521,570	441,218	339,561	237,988	138,399	39,066	(20,518)	(92,718)	(41,599)	47,796
Net Result for Year	(13,674)	(30,000)	(80,352)	(101,657)	(101,573)	(99,589)	(99,333)	(59,584)	(72,200)	51,119	89,395	143,471
Balance at end of period	551,570	521,570	441,218	339,561	237,988	138,399	39,066	(20,518)	(92,718)	(41,599)	47,796	191,267
TOTAL EQUITY AT END OF REPORTING PERIOD	551,570	521,570	441,218	339,561	237,988	138,399	39,066	(20,518)	(92,718)	(41,599)	47,796	191,267

Eastern Health Authority

Long Term Financial Plan Model

SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS

Year Ended 30 June:	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Actual	Estimate	Plan	Plan	Plan	Plan						
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Revenues	2,469,208	2,739,000	2,724,647	2,789,076	2,852,057	2,917,011	2,982,430	3,049,863	3,118,907	3,194,957	3,269,219	3,345,408
<i>less Operating Expenses</i>	2,482,882	2,769,000	2,804,999	2,890,733	2,953,630	3,016,600	3,081,763	3,109,447	3,191,107	3,143,838	3,179,824	3,201,937
Operating Surplus/(Deficit) before Capital Amounts	(13,674)	(30,000)	(80,352)	(101,657)	(101,573)	(99,589)	(99,333)	(59,584)	(72,200)	51,119	89,395	143,471
Less: Net Outlays on Existing Assets												
Capital Expenditure on Renewal/Replacement of Existing Assets	4,545	0	0	0	0	0	0	0	0	0	0	0
<i>less Depreciation, Amortisation & Impairment</i>	168,844	163,843	145,342	145,342	145,342	145,342	145,342	145,342	145,342	32,198	814	0
<i>less Proceeds from Sale of Replaced Assets</i>	0	0	0	0	0	0	0	0	0	0	0	0
	(164,299)	(163,843)	(145,342)	(32,198)	(814)	0						
Net Lending / (Borrowing) for Financial Year	150,625	133,843	64,990	43,685	43,769	45,753	46,009	85,758	73,142	83,317	90,209	143,471

KEY FINANCIAL INDICATORS	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Actual	Estimate	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(13,674)	(30,000)	(80,352)	(101,657)	(101,573)	(99,589)	(99,333)	(59,584)	(72,200)	51,119	89,395	143,471
Operating Surplus Ratio - %	(1)%	(2)%	(4)%	(5)%	(5)%	(5)%	(5)%	(3)%	(3)%	2%	4%	6%
Net Financial Liabilities - \$'000	662,679	528,836	463,846	420,161	376,392	330,639	284,630	198,872	125,730	42,413	(47,796)	(191,267)
Net Financial Liabilities Ratio - %	26.8%	19.3%	17.0%	15.1%	13.2%	11.3%	9.5%	6.5%	4.0%	1.3%	(1.5)%	(5.7)%
Interest Cover Ratio - %	1.7%	1.3%	1.6%	1.6%	1.7%	1.7%	1.8%	0.6%	1.1%	0.9%	0.8%	(0.6)%
Asset Sustainability Ratio - %	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Asset Consumption Ratio - %	59%	51%	44%	37%	30%	23%	16%	9%	2%	0%	0%	0%

5.4 DEBT COLLECTION POLICY

Author: Michael Livori
Ref: AF17/79

Summary

Eastern Health Authority (EHA) Debt Collection Policy was originally adopted at an Audit Committee meeting held on 15 August 2018. An update in relation to the periodic review of the Debt Collection Policy is provided in the following report.

Report

The Debt Collection Policy sets out a clear, equitable, accountable, and transparent process that EHA will follow for its debt management and collection practices. The Policy assists in ensuring that all debts owed to EHA are received by the due date or followed up within specified timeframes.

The current policy has been preliminarily reviewed and a couple of minor updates have been proposed in relation to the process of managing debt.

The Policy has been updated to reflect that if payment has not been received by the due date reminder letters will be scheduled in MYOB at 7, 14 and 21 days overdue. If payment remains outstanding at 14 days; telephone contact to the customer will commence with a final notice being sent at 28 days via both email and post.

If payment is not received within 7 days of the final notice being sent to the customer, action will commence with an external Debt Collection Agency.

By shortening our collection time frames we anticipate a significant reduction in the accounts falling into doubtful debt timeframes.

A copy of the current Debt Collection Policy with suggested changes to the policy detailed as tracked changes is provided as attachment 1.

A copy of a draft amended Debt Collection Policy with these changes accepted is provided as attachment 2.

RECOMMENDATION

That:

1. The report regarding the Debt Collection Policy as amended is received.
2. A further report be presented to the Audit Committee for consideration when the review of the Debt Collection Policy is finalised.



DEBT COLLECTION POLICY

Policy Reference	FM03
Date of initial Board Adoption	19 February 2014
Minutes Reference	8: 082018
Date of Audit Committee Endorsement (if applicable)	15 August 2018
Date last reviewed by Eastern Health Authority Board of Management	29 August 2018/08 August 2022
<i>Relevant Document Reference</i>	EHA Standard Operating Procedure - Debt Collection
Applicable Legislation	S143 Local Government Act 1999

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1. Purpose

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

The Policy will also assist in ensuring that debts owed to EHA are received by the due date or followed up within specified timeframes and to provide a consistent approach to debt management.

2. Scope

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

3. Definitions

Credit – the purchase and/or provision of goods and services from EHA by a debtor on the basis of a commitment to pay at a future time.

Debt – the amount of money owed by the debtor as a result of a transaction with EHA. A debt is expected to be settled within the normal payment terms of trade.

Debtor – an individual, organisation or other party that transacts with EHA where goods or services are provided, use of facilities are made available, fines and licence fees are levied and any other transaction that results in a future payment to EHA.

A debtor is an asset for EHA, as it gives rise to an anticipated future benefit. The future benefits are cash inflows, which occur when the debt is paid.

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Debt Collection Policy

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Invoice Date – the date which the invoice has been raised in the debtors system.

Write Off – the accounting procedure for cancelling a debt that is no longer collectable resulting in its removal from EHA's Balance Sheet.

4. Principles

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

- **Accountability and Transparency**

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

- **Fairness and Equity**

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

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

- **Responsibilities**

The team providing the goods and/or service to the debtor will be responsible for completing the documentation required for an invoice to be generated.

Administration will be responsible for raising the invoice and the recovery of any debts for all teams.

- **Risk Management**

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

5. Policy

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

5.1 Credit Management

Credit terms for all Debtors are 30 days from the date of invoice.

5.2 Debt Management

- 5.2.1 If payment has not been received ~~by the due date within 30 days~~ of the invoice ~~date an invoice a payment~~ reminder will be ~~emailed~~ scheduled in MYOB to be sent at 7, 14 and 21 days overdue, if the customer's account remains unpaid. ~~to the debtor advising of invoices still to be paid as a first reminder.~~

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Debt Collection Policy

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- 5.2.2 ~~If payment has not been received within 60 days of the invoice date a Final Demand Letter will be sent to the debtor requesting immediate payment. The letter will advise that debt collection will commence if the invoice is not paid in full and all costs associated with this process will be added to the outstanding debt. If payment is not received within 14 days of the invoice date, telephone contact to the customer will commence. Please note: payment reminders as mentioned above will continue to be sent if payment is not made.~~
- 5.2.3 If payment has not been received within ~~90~~ 28 days of the invoice date, ~~a final notice will be sent to the customer, by both email and post.~~ telephone contact is made requesting immediate payment. ~~Repeated attempts are made by EHA staff to speak to the debtor and resolve the outstanding debt.~~
- 5.2.4 If payment is not received within 7 days of the final notice being issued and all telephone contact has been exhausted, ~~a further 14 days and attempts to contact the debtor have been unsuccessful.~~ EHA Finance & Administration staff Officer will seek approval from the relevant Team Leader and CEO to refer the outstanding debt ~~and all relevant account information will be to the~~ forwarded to the Debt Collection Agency. This resulting action will be determined on a case by case basis.
- 5.2.5 If approval is given as per 5.2.4 for the debt to be referred to the Debt Collection Agency, the debtor's contact details and relevant outstanding debt information will be provided to the Debt Collection Agency.
- 5.2.6 The Chief Executive Officer has the discretion to vary steps in 5.2.
- 5.2.7 This process does not apply to debts managed by the Fines Enforcement and Recovery Unit of South Australia.

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6. Provision for Doubtful Debts

~~Where the recovery of debt is unlikely prior to completing all steps listed in 5.2 (i.e. where the debtor is bankrupt or in liquidation), a provision for doubtful debt shall be made. EHA does not allow for a Provision for Doubtful Debt in the budget allocation. It is Management's assertion that the debtors balance will be collected.~~

7. Write off

- 7.1 Section 143 of the Local Government Act 1999 will apply when determining if an outstanding debt should be written off.
- 7.2 Debts will only be written off when all reasonable attempts to recover outstanding amounts have been made or the costs of recovery are likely to equal or exceed the amount to be recovered.
- 7.3 All debts up to the value of \$10,000 must be authorised by the CEO.
- 7.4 Any debts greater than \$10,000 must be authorised by the Board of Management.

8. Review & Evaluation

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Debt Collection Policy

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

D14/2952[v05]

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DEBT COLLECTION POLICY

Policy Reference	FM03
Date of initial Board Adoption	19 February 2014
Minutes Reference	8: 082018
Date of Audit Committee Endorsement (if applicable)	15 August 2018
Date last reviewed by Eastern Health Authority Board of Management	08 August 2022
<i>Relevant Document Reference</i>	EHA Standard Operating Procedure - Debt Collection
Applicable Legislation	S143 Local Government Act 1999

1. Purpose

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

The Policy will also assist in ensuring that debts owed to EHA are received by the due date or followed up within specified timeframes and to provide a consistent approach to debt management.

2. Scope

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

3. Definitions

Credit – the purchase and/or provision of goods and services from EHA by a debtor on the basis of a commitment to pay at a future time.

Debt – the amount of money owed by the debtor as a result of a transaction with EHA. A debt is expected to be settled within the normal payment terms of trade.

Debtor – an individual, organisation or other party that transacts with EHA where goods or services are provided, use of facilities are made available, fines and licence fees are levied and any other transaction that results in a future payment to EHA.

A debtor is an asset for EHA, as it gives rise to an anticipated future benefit. The future benefits are cash inflows, which occur when the debt is paid.

Invoice Date – the date which the invoice has been raised in the debtors system.

Write Off – the accounting procedure for cancelling a debt that is no longer collectable resulting in its removal from EHA's Balance Sheet.

4. Principles

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

- **Accountability and Transparency**

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

- **Fairness and Equity**

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

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

- **Responsibilities**

The team providing the goods and/or service to the debtor will be responsible for completing the documentation required for an invoice to be generated.

Administration will be responsible for raising the invoice and the recovery of any debts for all teams.

- **Risk Management**

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

5. Policy

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

5.1 Credit Management

Credit terms for all Debtors are 30 days from the date of invoice.

5.2 Debt Management

- 5.2.1 If payment has not been received by the due date of the invoice a payment reminder will be scheduled in MYOB to be sent at 7, 14 and 21 days overdue, if the customer's account remains unpaid.

- 5.2.2 If payment is not received within 14 days of the invoice date, telephone contact to the customer will commence. Please note: payment reminders as mentioned above will continue to be sent if payment is not made.
- 5.2.3 If payment has not been received within 28 days of the invoice date, a final notice will be sent to the customer, by both email and post.
- 5.2.4 If payment is not received within 7 days of the final notice being issued and all telephone contact has been exhausted, EHA Finance & Administration staff Officer will seek approval from the relevant Team Leader and CEO to refer the outstanding debt and all relevant account information will be forwarded to the Debt Collection Agency. This resulting action will be determined on a case by case basis.
- 5.2.5 If approval is given as per 5.2.4 for the debt to be referred to the Debt Collection Agency, the debtor's contact details and relevant outstanding debt information will be provided to the Debt Collection Agency.
- 5.2.6 The Chief Executive Officer has the discretion to vary steps in 5.2.
- 5.2.7 This process does not apply to debts managed by the Fines Enforcement and Recovery Unit of South Australia.

6. Provision for Doubtful Debts

EHA does not allow for a Provision for Doubtful Debt in the budget allocation. It is Management's assertion that the debtors balance will be collected.

7. Write off

- 7.1 Section 143 of the Local Government Act 1999 will apply when determining if an outstanding debt should be written off.
- 7.2 Debts will only be written off when all reasonable attempts to recover outstanding amounts have been made or the costs of recovery are likely to equal or exceed the amount to be recovered.
- 7.3 All debts up to the value of \$10,000 must be authorised by the CEO.
- 7.4 Any debts greater than \$10,000 must be authorised by the Board of Management.

8. 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 so as to affect any process that has already commenced).

5.5 EASTERN HEALTH AUTHORITY (EHA) AUDIT COMMITTEE ANNUAL EVALUATION REPORT 2021/2022

Author: Michael Livori
Ref: AF16/97

Summary

Clause 12 of the Audit Committee Terms of Reference provides details in relation to the Annual Review and Reporting to the Board in relation to the Audit Committee's own performance to ensure it is operating at maximum effectiveness.

Report

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

12. ANNUAL REVIEW AND REPORTING TO BOARD COMMITTEE

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

- 12.4.3. EHA's risk management practices and framework.
- 12.4.4. Internal financial controls.
- 12.4.5. Fraud and whistleblowing provisions.
- 12.4.6. EHA's long term financial planning.
- 12.4.7. Asset management planning.
- 12.4.8. Other issues of note.

The EHA Audit Committee Annual Evaluation report is provided as attachment 1. The report serves as a self-evaluation tool for the Committee, summarises the work undertaken during the 2021/2022 financial year and identifies any training needs and future Audit Work Plan proposals.

RECOMMENDATION

That:

- 1 The report titled EHA Audit Committee Annual Report Evaluation 2021/2022 is received.



EHA Audit Committee

Annual Report Evaluation FY 2022

Background

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

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

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

This report presents a summary of Eastern Health Authority (EHA) Audit Committee’s activities during the FY 2022 year.

Conduct of Meetings

The Committee met on 2 occasions during 2021-2022. The table below provides membership and meetings attended:

Meeting Dates
18 August 2021
8 December 2021

Committee Membership	Term Expiry	Number of Meetings Attended
Claudia Goldsmith – Presiding Member	16 February 2022	2 [a]
Madeleine Vezis – New Presiding Member	15 February 2025	2 [b]
Paula Davies – Independent Member	31 December 2025	0 [c]
Peter Cornish – Board Representative		2

[a] Attended last meeting as Presiding Member on 18 December 2021

[b] Attended first meeting as Presiding Member on 13 July 2022

[c] Attended first meeting as Independent Member on 13 July 2022

Role of Audit Committee

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

During the financial year the Audit Committee met twice and considered reports on matters which had been referred to the Committee. The third meeting of the year was delayed until the appointment of the new independent member to the Committee, Paula Davies.

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

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

During FY 2022 Committee members attended the following training courses/sessions:

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

Cost of Audit Committee

Audit Committee Membership FY 2022	Fees Paid FY 2022
Claudia Goldsmith – Presiding Member	\$900
Madeleine Vezis	\$700
Peter Cornish	\$0

Number of Outstanding Resolutions:

No	Outstanding Resolution	Status
Nil		

Audit Committee Evaluation

In July 2022 the Committee undertook a self-assessment of its performance by completing a questionnaire (all members were invited to complete this questionnaire).

Below is a consolidated summary of the self-assessment.

Ref	Question	Response	Comment
1	Is the Committee satisfied that its current Terms of Reference are appropriate?	Yes	N/a
2	Does the work program address the Terms of Reference and is it achievable?	Yes	N/a
3	Is the Committee satisfied that it is effectively monitoring risk management and internal controls	Yes	EHA management manage these areas well given the available resources; some areas for improvement have been identified which will be considered by the new Committee in FY 22.
4	Is there sufficient time allocated during the meetings to adequately discuss agenda items?	Yes	N/a
5	Are the reports prepared for the meetings sufficiently comprehensive to allow you to make informed decisions?	Yes	N/a
6	Does the Committee believe it is adequately informed on current and emerging trends and factors?	Yes	N/a
7	The Committee size is adequate	Yes	Too early to make observations for the new member of the committee.
8	The frequency and duration of meetings are sufficient to ensure effective committee governance	Yes	N/a

Each question in the table below was scored using a scale of 1 to 5 where 1 is poor and 5 is excellent.

Ref	Question	Average
9	How do you rate the overall efficiency and effectiveness of the Committee?	4
10	How do you rate the performance of the Chairperson in preparing for and conducting meetings?	4
11	How do you rate the performance of the other members of the Committee in fulfilling their role on the Committee	4
12	How do you rate the performance of the staff in facilitating the committee's role and function?	4
13	Do you have any suggestions for improving any aspect of the Committee's, performance, role or function?	A higher level of assurance could be provided to the EHA Board if additional resources were made available to independently review key risks and related internal controls.

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

Training/Professional Development Need	Committee Member
Nil	Nil

Chairperson's Comments

Annual Report FY 2022

Presiding Member Report

As the new Presiding Member of the Audit Committee, I am satisfied that the Committee has met its responsibilities under the Terms of Reference. The Committee provides the required level of assurance to the Board and continues to encourage EHA to improve financial reporting, risk management and internal control processes using the available resources .

The Committee consists of members with the requisite mix of skills, knowledge and experience. The addition of a member with a legal background will further extend the Committee's coverage.

The Committee reviewed and commented on Management's response to the FY 2021 external audit findings and will continue to monitor the implementation of the corrective actions initiated. Of particular note is the work that has been undertaken to address findings in relation to the provision for doubtful debts and credit receivable balances.

Other activities undertaken by the Committee include consideration of the:

- General Purpose Financial Statements for the year ended 30 June 2021
- Report on Financial Results for the Year Ended 30 June 2021
- Long Term Financial Plan
- Corporate Risk Summary
- Internal Controls Register
- Update on Audit Finding Recommendations
- EHA Charter
- Audit Committee Terms of Reference
- Risk and Opportunity Management Policy
- Fraud and Corruption Prevention Policy.

On behalf of the Audit Committee, I thank the CEO and the Administration for their support and assistance, and in providing comprehensive and understandable reports to the Committee. This has allowed the us to meet ours responsibilities as outlined in the Terms of Reference during this year.

Madeleine Vezis
Presiding Member

6.0 Eastern Health Authority – Audit Committee FY2022 Workplan

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