



Audit Committee Meeting

16 August 2023



local councils working together to protect the health of the community



**EASTERN HEALTH AUTHORITY
AUDIT COMMITTEE MEETING**

Wednesday 16 August 2023

Notice is hereby given that a meeting of the Audit Committee of Eastern Health Authority will be held at EHA's offices at **101 Payneham Road, St Peters** on Wednesday 16 August 2023 commencing at 5:00pm.

**MICHAEL LIVORI
CHIEF EXECUTIVE OFFICER**

AGENDA

EASTERN HEALTH AUTHORITY AUDIT COMMITTEE MEETING

Wednesday 16 August 2023

Commencing at 5:00 pm

1 Opening

2 Acknowledgement of Traditional Owners

We acknowledge this land that we meet on today is the traditional land of the Kurna People and that we respect their spiritual relationship with their country.

3 Opening Statement

We seek understanding and guidance in our debate, as we make decisions for the management of the Eastern Health Authority, that will impact the public health on those that reside, study, work in and visit the constituent councils that the Eastern Health Authority Charter provides services to.

4 Apologies

5 Presiding Member's Remarks

6 Minutes

7 Reports

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EASTERN HEALTH AUTHORITY

Minutes of the Meeting of the Audit Committee of Eastern Health Authority (EHA) held via telephone conference on 17 May 2023 commencing at 5:00pm.

MEMBERS PRESENT:

Madeleine Vezis, Presiding Member

Paula Davies

Cr Peter Cornish

In attendance:

M Livori

Chief Executive Officer

N Conci

Team Leader Environmental Health

K Paparella

Team Leader Administration and Immunisation

1 OPENING:

The meeting was declared open by the Presiding Member at 5:03 pm.

P Davies declared a potential conflict to the Audit Committee due to her new role at Adelaide Primary Health Network. It was agreed by the Committee that P Davies would investigate further if the requirements within her new position may be a conflict and update the Audit Committee.

2 ACKNOWLEDGEMENT OF TRADITIONAL OWNERS:

We acknowledge this land that we meet on today is the traditional land of the Kaurana People and that we respect their spiritual relationship with their country.

3 OPENING STATEMENT:

We seek understanding and guidance in our debate, as we make decisions for the management of the Eastern Heath Authority, that will impact the public health on those that reside, study, work in and visit the constituent councils that the Eastern Heath Authority Charter provides services to.

4 APOLOGIES:

Nil.

5 CONFIRMATION OF MINUTES:

P Davies moved:

The minutes of the meeting of the Audit Committee held on 7 December 2022 be taken as read and confirmed.

Seconded by Cr P Cornish

CARRIED UNANIMOUSLY

1: 052023

6 MATTERS ARISING FROM THE MINUTES:

Nil.

7 ADMINISTRATION REPORT

7.1 FINANCE REPORT AND SECOND (DECEMBER 2022) BUDGET REVIEW FOR 2022/2023

Cr P Cornish moved:

That:

1. The Finance Report and Second (December 2022) Budget Review Report for 2022/2023 be received.

Seconded by P Davies

CARRIED UNANIMOUSLY

2: 052023

7.2 DRAFT ANNUAL BUSINESS PLAN AND BUDGETED FINANCIAL STATEMENTS FOR 2023/2024

Cr P Cornish moved:

That:

1. The Draft Annual Business Plan and Budgeted Financial Statements for 2023/2024 Report is received. Early engagement of the Audit Committee will be sought in subsequent years prior to approval of the Board.

Seconded by P Davies

CARRIED UNANIMOUSLY

3: 052023

**7.3 FINANCE REPORT AND THIRD AND FINAL (MARCH 2023) BUDGET REVIEW
FOR 2022/2023**

P Davies moved:

That:

1. The Finance Report and Third and Final (March 2023) Budget Review for 2022/2023 Report be received.

Seconded by Cr P Cornish

CARRIED UNANIMOUSLY 4: 052023

7.4 EASTERN HEALTH AUTHORITY CHARTER REVIEW UPDATE

Cr P Cornish moved:

That:

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

Seconded by P Davies

CARRIED UNANIMOUSLY 5: 052023

7.5 APPOINTMENT OF EXTERNAL AUDITOR FOR 2023-2024

Cr P Cornish moved:

That:

1. The Appointment of External Auditor for 2022-2023 report is received, noting the intention of going to the market at the end of this current financial year.

Seconded by P Davies

CARRIED UNANIMOUSLY 6: 052023

8 CORRESPONDENCE

Nil.

9 OTHER BUSINESS

Nil.

10 CLOSURE OF MEETING:

Presiding member, Madeleine Vezis, declared the meeting closed at 6:08 pm.

7.1 DRAFT GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Author: Michael Livori

Ref: AF23/58

Summary

This report presents the draft General Purpose Financial Statements for the year ended 30 June 2023 (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 2023 (provided as attachment 1) have been prepared in accordance with the Local Government (Financial Management) Regulations 2011, Australian Accounting Standards, and the South Australian Model Financial Statements for 2023. They reflect the operations of EHA between the period 1 July 2022 and 30 June 2023.

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 Surplus of \$25,383 for 2022-2023 compared to operating deficit of \$13,674 in 2021-2022.

The external auditors conducted a remote balance date audit and final audit through July and August 2023. The 2023 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 following two matters were raised by the Auditor.

1 Provision for Doubtful Debts.

Risk

Management's provision for doubtful debts assessment may not comply with the requirements of Australian Accounting Standard, AASB 9. Revenue may not be correctly recorded or not recorded at all.

Outcome

Management have identified that \$33,733 of the debtor balances at 30 June 2023 will not be collected and will be written off in the 2024 financial year. There is no provision for doubtful debts and therefore the debtors balance is over-stated by \$33,733. The effect on the result for the year is estimated to be less than this because there was also no provision in prior years, but arguably there would have been some doubtful debts. The effect on the financial report is not considered to be material and so we have accepted the difference. We again recommend that the entity should be maintaining a provision for doubtful debts balance in order to comply with Accounting Standards and to ensure the debtors balance is not over-stated.

Management Response

As discussed with the auditor over multiple reporting periods, the majority of these doubtful debts result from expiations that are not recoverable. Once an expiation is at the enforcement stage, legislation requires that non-paid expiations are enforced by the South Australian Government Enforcement and Fines Recovery Unit.

2 Cut-off accounting adjustments

Observation

We identified the following errors related to balance date adjustments in this year's audit:

Income Protection Insurance for the FY24 year was expensed in FY23. (\$32k)

Payroll for the last fortnight of June 2023, that was paid in early July, was not accrued as an expense/liability for FY23 (\$55k). These errors were subsequently amended.

Management Response

Income protection invoices are always dated 30 June by the supplier for insurance required for the next financial year. The invoice was entered with the correct date (30 June 2023) as required by our accounting system but was not marked for prepayment and would not have shown in the final set of financials presented to the auditor as it was marked for payment on 17 July 2023. Again, the payroll issue was a timing issue, as superannuation was being finalised so that the full pay could be posted and again would have been included in the final set of financial statements provided to the auditor.

Prior Year's Observations

Auditor Comment

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.

Management Comment

EHA Management have reviewed the accounting and related time management systems and have identified that there is not a measurable benefit in integrating the two systems as they are not interdependent. The Time Management system has however been upgraded and has now improved functionality.

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 2023 statements will be prepared for presentation to the Board of Management at its 30 August 2023 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 2022 and 2023 Financial Statements

A full comparison of the 2022 and 2023 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				
	2022/2023	2021/2022	Variation	Commentary
Income				
Statutory Charges	136,026	111,391	24,635	Increase in Food Inspection Income
User Charges	457,619	295,541	162,078	Immunisation Service provision (full year v 6 months) Food Auditing
Investment income	15,866	4,320	11,546	Increased interest rates
Expenses				
Employee Costs	1,881,592	1,750,609	130,983	Immunisation service provision and increase in School Immunisation program
Net Surplus/(Deficit)	25,383	(13,674)	39,057	
Statement of Financial Position				
	2022/2023	2021/2022	Variation	Commentary
Total Current Assets	916,670	871,963	44,707	Increase in receivables.
Total Non-Current Assets	1,104,793	1,214,249	(109,456)	Decrease due to application of AAASB Standard 16 Leases – value of leased assets
Total Current Liabilities	518,864	563,485	(44,621)	Reduction in borrowings
Total Non-Current Liabilities	925,646	971,157	(45,511)	Reduction in borrowings
Total Liabilities	1,444,510	1,534,642	(90,132)	See above
Net Assets	576,953	551,570	25,383	Income Statement result

Statement of Cash Flows				
	2022/2023	2021/2022	Variation	Commentary
Net Cash Provided / (used) by Operating Activities	162,637	51,983	110,654	See Note 7
Net Increase (Decrease) in cash held	(142,013)	(142,013)	(203,599)	See Note 7
Cash and cash equivalents at end of period	644,769	640,883	3,886	See Note 7
Statement of Changes in Equity				
	2022/2023	2021/2022	Variation	Commentary
Accumulated Surplus Balance at end of Period	576,953	551,570	25,383	Income Statement result
Total Equity Balance at end of Period	576,953	551,570	(13,674)	Income Statement result

RECOMMENDATION

That:

1. The Draft General Purpose Financial Statements for the Year ending 30 June 2023 Report is noted.
2. The Committee is satisfied that the 2022/2023 draft statements present fairly the state of affairs of the organisation.
3. The 2022/2023 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 2023

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EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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 2023 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 2023

		2023	2022
	Notes	\$	\$
INCOME			
Council Contributions	2	1,828,000	1,828,263
Statutory charges	2	136,026	111,391
User charges	2	457,619	295,541
Grants, subsidies and contributions - Operating	2	230,170	226,108
Investment income	2	15,866	4,320
Other income	2	7,255	3,585
Total Income		2,674,936	2,469,208
EXPENSES			
Employee costs	3	1,881,592	1,750,609
Materials, contracts & other expenses	3	571,267	516,677
Depreciation, amortisation & impairment	3	159,013	168,844
Finance costs	3	37,681	46,752
Total Expenses		2,649,553	2,482,882
OPERATING SURPLUS / (DEFICIT)		25,383	(13,674)
Other Comprehensive Income			
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		25,383	(13,674)

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

Eastern Health Authority
Statement of Financial Position
as at 30 June 2023

		2023	2022
ASSETS	Notes	\$	\$
Current Assets			
Cash and cash equivalents	4	644,769	640,883
Trade & other receivables	4	271,901	231,080
Total Current Assets		916,670	871,963
Non-current Assets			
Property, plant & equipment	5	1,104,793	1,214,249
Total Non-current Assets		1,104,793	1,214,249
Total Assets		2,021,463	2,086,212
LIABILITIES			
Current Liabilities			
Trade & other payables	6	121,916	133,225
Borrowings	6	111,865	140,794
Provisions	6	285,083	289,466
Total Current Liabilities		518,864	563,485
Non-current Liabilities			
Borrowings	6	881,032	961,297
Provisions	6	44,614	9,860
Total Non-current Liabilities		925,646	971,157
Total Liabilities		1,444,510	1,534,642
NET ASSETS		576,953	551,570
EQUITY	Notes	\$	\$
Accumulated surplus		576,953	551,570
TOTAL EQUITY		576,953	551,570

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 2023

		Acc'd Surplus	TOTAL EQUITY
2023	Notes	\$	\$
Balance at end of previous reporting period		551,570	551,570
Net Surplus / (Deficit) for Year		25,383	25,383
Balance at end of period		576,953	576,953

		\$	\$
2022	Notes		
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		551,570	551,570

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 2023

		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	\$	\$
<i>Receipts:</i>			
Council Contributions		1,828,000	1,828,263
Fees & other charges		136,026	111,391
User charges		418,158	227,946
Investment receipts		14,506	4,044
Grants utilised for operating purposes		230,170	226,108
Other revenues		7,633	3,585
<i>Payments:</i>			
Employee costs		(1,847,155)	(1,764,556)
Materials, contracts & other expenses		(586,184)	(536,431)
Finance payments		(38,517)	(48,367)
Net Cash provided by (or used in) Operating Activities		162,637	51,983
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(49,557)	(82,379)
Net Cash provided by (or used in) Investing Activities		(49,557)	(82,379)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Payments:</i>			
Repayments of borrowings		(38,391)	(74,132)
Repayment of principal portion of lease liabilities		(70,803)	(37,485)
Net Cash provided by (or used in) Financing Activities		(109,194)	(111,617)
Net Increase (Decrease) in cash held		3,886	(142,013)
Cash & cash equivalents at beginning of period	7	640,883	782,896
Cash & cash equivalents at end of period	7	644,769	640,883

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 2023

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 on a going concern basis using the historical cost convention 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 dated (insert date).

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 these Notes.

1.4 Rounding

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

2 The Local Government Reporting Entity

EHA 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 EHA's direct operations and all entities through which EHA controls resources to carry on its functions. In the process of reporting on EHA as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

3.1 Revenue

EHA 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 EHA expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when EHA 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 the 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 2023

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 EHA'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

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999. Other receivables are generally unsecured and do not bear interest.

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, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments also form part of Note 8.

6 Property, Plant & Equipment

6.1 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.

6.2 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. No capitalisation threshold is applied to the acquisition of land or interests in land.

6.4 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.

6.5 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 2023

Note 1 - Significant Accounting Policies

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

Amounts (other than grants) 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.

8 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.

Borrowings 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 initially recognised at fair value with any difference between fair value and proceeds recognised in the profit and loss. The loan is subsequently measured at amortised cost with interest being recognised using the effective interest rate method.

9 Provisions

9.1 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:

EHA 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 EHA's involvement with the schemes are reported in Note 11.

10 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.

EHA as a lessee

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

Eastern Health Authority

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 1 - Significant Accounting Policies

i) Right-of-use assets

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

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

ii) Lease liabilities

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

12 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.

13 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 2022. 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.

Nil

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 2 - INCOME

	Notes	2023 \$	2022 \$
COUNCIL CONTRIBUTIONS			
City of Burnside		494,233	448,572
Cambelltown City Council		453,186	478,298
City of Norwood, Payneham & St Peters		584,210	571,786
City of Prospect		214,740	225,897
Town of Walkerville		81,631	103,710
		1,828,000	1,828,263
STATUTORY CHARGES			
Inspection Fees: Food		107,990	91,848
Inspection Fees: Legionella		10,027	8,524
SRF Licences		1,630	2,145
Fines & expiation fees		16,379	8,874
		136,026	111,391
USER CHARGES			
Immunisation: Clinic Vaccines		86,207	68,441
Immunisation: Service Provision		152,625	69,000
Immunisation: Worksite Vaccines		96,177	73,044
Immunisation: Clinic Service Fee		1,640	1,050
Food Auditing		120,970	84,006
		457,619	295,541
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		15,866	4,320
		15,866	4,320
OTHER INCOME			
Motor Vehicle Reimbursements		4,357	2,992
Sundry		2,898	593
		7,255	3,585
GRANTS, SUBSIDIES, CONTRIBUTIONS			
<i>Other grants, subsidies and contributions - Operating</i>			
Immunisation: School Programme		209,229	182,701
Immunisation: AIR		18,941	18,240
Immunisation: PHN Project		2,000	25,167
		230,170	226,108
		230,170	226,108
Sources of grants			
<i>Other</i>		230,170	226,108
		230,170	226,108

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 3 - EXPENSE

	Notes	2023 \$	2022 \$
EMPLOYEE COSTS			
Salaries and Wages		1,580,063	1,510,095
Employee leave expense		54,041	18,047
Superannuation - defined contribution plan contributions	11	172,557	144,032
Superannuation - defined benefit plan contributions	11	20,103	16,909
Workers' Compensation Insurance		20,160	16,451
Other - Agency staff and Consultant Medical Officer		34,668	45,075
Total Operating Employee Costs		1,881,592	1,750,609
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		8,800	8,300
Bad and Doubtful Debts			4,251
Governance expenses		16,038	10,437
Lease Expenses - short term leases	10	26,942	15,783
Subtotal - Prescribed Expenses		51,780	38,771
<u>Other Materials, Contracts & Expenses</u>			
Accounting		3,775	5,127
Contractors		28,290	23,154
Energy		7,182	8,868
Fringe benefits tax		14,480	14,272
Human resources		8,794	15,657
Income protection		31,047	25,692
Insurance		39,010	30,085
IT licencing & support		151,411	147,883
Legal Expenses		14,321	13,560
Motor vehicle expenses		25,465	19,895
Parts, accessories & consumables		105,347	94,211
Printing & stationery		24,387	17,660
Staff training		20,974	13,410
Sundry		22,759	22,327
Telephone		16,248	17,758
Work health & safety consultancy		5,997	8,347
Subtotal - Other Materials, Contracts & Expenses		519,487	477,906
		571,267	516,677

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 3 - EXPENSE con't

	2023	2022
Notes	\$	\$
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings & Other Structures	27,394	23,642
Office Equipment, Furniture & Fittings	3,752	14,247
Right of Use Assets	127,867	130,955
	<u>159,013</u>	<u>168,844</u>
FINANCE COSTS		
Interest on Loans	(836)	5,532
Interest on Leases	38,517	41,220
	<u>37,681</u>	<u>46,752</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 4 - CURRENT ASSETS

		2023	2022
CASH & EQUIVALENT ASSETS	Notes	\$	\$
Cash on Hand and at Bank		199,093	159,713
Deposits at Call		445,676	481,170
		<u>644,769</u>	<u>640,883</u>
TRADE & OTHER RECEIVABLES			
Accrued Revenues		1,729	369
Debtors - general		270,172	230,711
		<u>271,901</u>	<u>231,080</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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

		2022				2023			
		\$				\$			
Fair Value Level		Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
	Buildings & Other Structures	-	472,846	(259,254)	213,592	-	472,846	(286,648)	186,198
	Office Equipment, Furniture & Fittings	-	268,730	(250,229)	18,501	-	281,287	(253,981)	27,306
	Right of Use Assets	-	1,325,000	(342,844)	982,156	-	1,362,000	(470,711)	891,289
	Total IPP&E	-	2,066,576	(852,327)	1,214,249	-	2,116,133	(1,011,340)	1,104,793
	Comparatives	-	2,070,032	(769,318)	1,300,714	-	2,066,576	(852,327)	1,214,249

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 2023

Note 5 - PROPERTY, PLANT & EQUIPMENT

	2022	Carrying Amounts Movement During the Year							2023	
	\$	\$							\$	
	Carrying Amount	Additions		Disposals	Dep'n	Impair't	Transfers		Net Reval'n	Carrying Amount
		New / Upgrade	Renewals				In	Out		
	Buildings & Other Structures	213,592	-	-	-	(27,394)	-	-	-	-
Office Equipment, Furniture & Fittings	18,501	-	12,557	-	(3,752)	-	-	-	-	27,306
Right of Use Assets	982,156	-	37,000	-	(127,867)	-	-	-	-	891,289
Total IPP&E	1,214,249	-	49,557	-	(159,013)	-	-	-	-	1,104,793
Comparatives	1,300,714	-	82,379	-	(168,844)	-	-	-	-	1,214,249

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 2023

Note 6 - LIABILITIES

		2023		2022	
		\$		\$	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		60,791	-	75,708	-
Accrued expenses - employee entitlements		58,987	-	54,921	-
Accrued expenses - other		-	-	836	-
GST Payable		2,138	-	1,760	-
		121,916	-	133,225	-
BORROWINGS					
Loans		-	-	38,391	-
Leases Liabilities	10	111,865	881,032	102,403	961,297
		111,865	881,032	140,794	961,297
PROVISIONS					
LSL Employee entitlements (including oncosts)		136,974	44,614	165,971	9,860
AL Employee entitlements (including oncosts)		148,109	-	123,495	-
		285,083	44,614	289,466	9,860

Amounts included in provisions that are not expected to be settled within 12 months of reporting date.

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Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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	2023	2022
		\$	\$
Total cash & equivalent assets	4	644,769	640,883
Balances per Cash Flow Statement		<u>644,769</u>	<u>640,883</u>

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

Net Surplus (Deficit)	25,383	(13,674)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	159,013	168,844
Net increase (decrease) in unpaid employee benefits	34,437	(13,947)
	<u>218,833</u>	<u>141,223</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(40,443)	(42,179)
Net increase (decrease) in trade & other payables	(15,753)	(47,061)
Net Cash provided by (or used in) operations	<u>162,637</u>	<u>51,983</u>

(c) Financing Arrangements

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

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

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

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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 of 4.3% (2022: 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 EHA is not materially exposed to any individual debtor, credit risk exposure is concentrated within the EHA'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 - Creditors and Accruals

Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the EHA.

Terms & conditions: Liabilities are normally settled on 30 day terms.

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 2023

Note 8 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2023	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Cash & Equivalents	644,769	-	-	644,769	644,769
Receivables	273,003	-	-	273,003	271,901
Total	917,772	-	-	917,772	916,670
<u>Financial Liabilities</u>					
Payables	96,432	-	-	96,432	62,929
Lease Liabilities	111,865	464,492	576,357	1,152,714	992,897
Total	208,297	464,492	576,357	1,249,146	1,055,826

2022	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Cash & Equivalents	640,883	-	-	640,883	640,883
Receivables	233,141	-	-	233,141	233,141
Total	874,024	-	-	874,024	874,024
<u>Financial Liabilities</u>					
Payables	77,861	-	-	77,861	77,861
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	1,179,952

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

	30 June 2023		30 June 2022	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Fixed Interest Rates		-	4.75	122,523
		-		122,523

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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 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 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 Note 4 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. EHA 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 2023

Note 9 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of EHA prepared on a simplified Uniform Presentation Framework basis, adjusted for timing differences associated with prepaid Federal assistance Grants required to be recognised as revenue on receipt in accordance with Australian Accounting Standards.

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

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

	2023	2022
	\$	\$
Income		
<i>Council Contributions</i>	1,828,000	1,828,263
<i>Statutory charges</i>	136,026	111,391
<i>User charges</i>	457,619	295,541
<i>Grants, subsidies and contributions - Operating</i>	230,170	226,108
<i>Investment income</i>	15,866	4,320
<i>Other income</i>	7,255	3,585
	2,674,936	2,469,208
Expenses		
<i>Employee costs</i>	(1,881,592)	(1,750,609)
<i>Materials, contracts and other expenses</i>	(571,267)	(516,677)
<i>Depreciation, amortisation and impairment</i>	(159,013)	(168,844)
<i>Finance costs</i>	(37,681)	(46,752)
	(2,649,553)	(2,482,882)
Operating Surplus / (Deficit)	25,383	(13,674)
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(49,557)	(82,379)
Add back Depreciation, Amortisation and Impairment	159,013	168,844
	109,456	86,465
Annual Net Impact to Financing Activities	134,839	72,791

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 10 - LEASES

EHA as a Lessee

Right of Use Assets

(include description of assets which are leased)

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

Right of Use Assets (Carrying Value)	Building & Other Structures	Motor Vehicles	Office Equipment	Total
At 1 July 2022	912,000	70,156	-	982,156
Additions	-	37,000	-	37,000
Depreciation Charge	(96,000)	(31,867)	-	(127,867)
At 30 June 2023	816,000	75,289	-	891,289

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

	2023
Opening Balance 1 July 2022	1,063,670
Additions	37,000
Payments	(107,773)
Closing Balance 30 June 2023	992,897
Current	111,865
Non Current	881,032

The maturity analysis of lease liabilities is included in Note 8.

EHA and its associated entities (the group) had total cash outflows for leases of \$146,321.

The following are amounts recognised on profit or loss:

Depreciation expense right of use assets	127,867
Interest expense on lease liabilities	38,517
Expenses relating to short term leases	26,942
Total amount recognised in profit and loss	193,326

Eastern Health Authority

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 11 – SUPERANNUATION

EHA makes employer superannuation contributions in respect of its employees to Hostplus (formerly Local Government Superannuation Scheme and Statewide Super). 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 (10.5% in 2022-23; 10% in 2021-22). No further liability accrues to 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 2021-22) 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 EHA.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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 2023.

Note 13 - EVENTS OCCURRING AFTER BALANCE DATE

There are no events subsequent to 30 June 2023 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 2023

Note 14 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

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

	2023	2022
	\$	\$
Salaries, allowances & other short term benefits	192,884	190,215
TOTAL	192,884	190,215

Amounts received from Related Parties during the financial year:

	2023	2022
	\$	\$
City of Burnside	494,233	448,572
Cambelltown City Council	453,186	478,298
City of Norwood, Payneham & St Peters	584,210	571,786
City of Prospect	214,740	225,897
Town of Walkerville	81,631	103,710
TOTAL	1,828,000	1,828,263

Amounts paid to Related Parties during the financial year:

	2023	2022
	\$	\$
City of Norwood, Payneham & St Peters	112,121	2,110,754
TOTAL	112,121	2,110,754

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 2023**

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 2023, Bentleys SA Audit Partnership, Chartered Accountants, 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 Harding
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date:

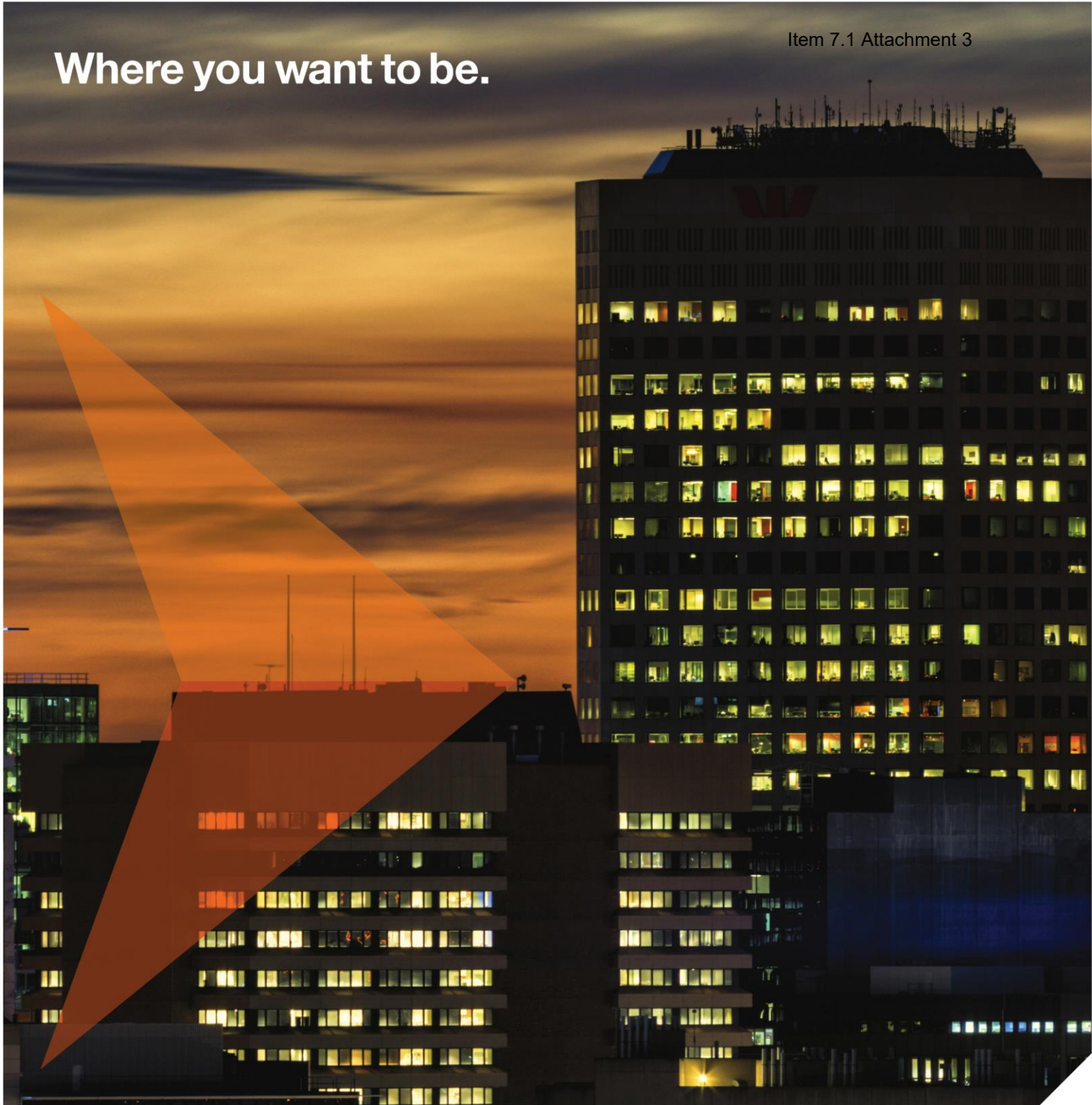
EASTERN HEALTH AUTHORITY STATEMENT OF COMPREHENSIVE INCOME COMPARISON OF AUDITED RESULTS TO PREVIOUS YEARS RESULTS FOR THE YEAR ENDING 30 June 2023				
	AUDITED RESULT 2022/2023	ACTUAL 2021/2022	Variation from 2021/2022	Variation from 2021/2022
			\$	%
INCOME				
Council Contributions	1,828,000	1,828,263	(263)	0.0%
Statutory Charges	136,026	111,391	24,635	18.1%
User Charges	457,619	295,541	162,078	35.4%
Grants, subsidies and contributions	230,170	226,108	4,062	1.8%
Investment Income	15,866	4,320	11,546	72.8%
Other Income	7,255	3,585	3,670	50.6%
TOTAL INCOME	2,674,936	2,469,208	205,728	7.7%
EXPENSES		-		
Employee Costs	1,881,592	1,750,609	130,983	7.0%
Materials, contracts and other expenses	571,267	516,677	54,590	9.6%
Finance Charges	37,681	46,752	(9,071)	-24.1%
Depreciation	159,013	168,844	(9,831)	-6.2%
TOTAL EXPENSES	2,649,553	2,482,882	166,671	6.3%
Operating Surplus/(Deficit)	25,383	(13,674)	39,057	
		-		
Net gain (loss) on disposal of assets	-	-		
Net Surplus/(Deficit)	25,383	(13,674)	39,057	
		-		
Total Comprehensive Income	25,383	(13,674)	39,057	

EASTERN HEALTH AUTHORITY STATEMENT OF CASH FLOWS COMPARISON OF AUDITED RESULTS TO PREVIOUS YEARS RESULTS FOR THE YEAR ENDING 30 June 2023				
	AUDITED RESULT 2022/2023	ACTUAL 2021/2022	Variation from 2021/2022	Variation from 2021/2022
CASHFLOWS FROM OPERATING ACTIVITIES		-	\$	%
Receipts		-		
Council Contributions	1,828,000	1,828,263	(263)	0.0%
Fees & other charges	136,026	111,391	24,635	18.1%
User Charges	418,158	227,946	190,212	45.5%
Investment Receipts	14,506	4,044	10,462	72.1%
Grants utilised for operating purposes	230,170	226,108	4,062	1.8%
Other	7,633	3,585	4,048	53.0%
Payments	-	-		
Employee costs	(1,847,155)	(1,764,556)	(82,599)	4.5%
Materials, contracts & other expenses	(586,184)	(536,431)	(49,753)	8.5%
Finance Payments	(38,517)	(48,367)	9,850	-25.6%
Net Cash Provided/(Used) by Operating Activities	162,637	51,983	110,654	
CASH FLOWS FROM FINANCING ACTIVITIES		-		
Loans Received	-	-	-	
Repayment of Borrowings	(38,391)	(74,132)	35,741	-93.1%
Repayment of Finance Lease Liabilities	(70,803)	(37,485)		
Net Cash Provided/(Used) by Financing Activities	(109,194)	(111,617)	35,741	(1)
CASH FLOWS FROM INVESTING ACTIVITIES		-		
Receipts	-	-	-	#DIV/0!
Sale of Replaced Assets	-	-	-	#DIV/0!
Payments	-	-	-	#DIV/0!
Expenditure on renewal / replacements of assets	(49,557)	(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	(49,557)	(82,379)	32,822	
NET INCREASE (DECREASE) IN CASH HELD	3,886	(142,013)	145,899	
CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD	640,883	782,896	(142,013)	
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	644,769	640,883	3,886	

EASTERN HEALTH AUTHORITY STATEMENT OF FINANCIAL POSITION COMPARISON OF AUDITED RESULTS TO PREVIOUS YEARS RESULTS FOR THE YEAR ENDING 30 JUNE 2023				
	AUDITED RESULT 2022/2023	ACTUAL 2021/2022	Variation from 2021/2022	Variation from 2021/2022
CURRENT ASSETS		-	\$	%
Cash and Cash Equivalents	644,769	640,883	3,886	0.6%
Trade & Other Receivables	271,901	231,080	40,821	15.0%
TOTAL CURRENT ASSETS	916,670	871,963	44,707	4.9%
NON-CURRENT ASSETS		-		
Infrastructure, property, plant and equipment	1,104,793	1,214,249	(109,456)	-9.9%
TOTAL NON-CURRENT ASSETS	1,104,793	1,214,249	(109,456)	-9.9%
TOTAL ASSETS	2,021,463	2,086,212	(64,749)	-3.2%
CURRENT LIABILITIES		-		
Trade & Other Payables	121,916	133,225	(11,309)	-9.3%
Provisions	285,083	289,466	(4,383)	-1.5%
Borrowings	111,865	140,794	(28,929)	-25.9%
TOTAL CURRENT LIABILITIES	518,864	563,485	(44,621)	-8.6%
NON-CURRENT LIABILITIES		-		
Provisions	44,614	9,860	34,754	77.9%
Borrowings	881,032	961,297	(80,265)	-9.1%
TOTAL NON-CURRENT LIABILITIES	925,646	971,157	(45,511)	-4.9%
TOTAL LIABILITIES	1,444,510	1,534,642	(90,132)	-6.2%
NET CURRENT ASSETS/(CURRENT LIABILITIES)	397,806	308,478	89,328	22.5%
NET ASSETS	576,953	551,570	25,383	4.4%
EQUITY		-		
Accumulated Surplus/(Deficit)	576,953	551,570	25,383	4.4%
TOTAL EQUITY	576,953	551,570	25,383	4.4%

EASTERN HEALTH AUTHORITY STATEMENT OF CHANGES IN EQUITY COMPARISON OF AUDITED RESULTS TO PREVIOUS YEARS RESULTS FOR THE YEAR ENDING 30 JUNE 2023				
	AUDITED RESULT 2022/2023	AUDITED RESULTS 2021/2022	Variation from 2019/2020	Variation from 2019/2020
ACCUMULATED SURPLUS		-	\$	
Balance at beginning of period	551,570	565,244	(13,674)	
Net Surplus/(Deficit)	25,383	(13,674)	39,057	
BALANCE AT END OF PERIOD	576,953	551,570	25,383	
TOTAL EQUITY		-	\$	
Balance at beginning of period	551,570	565,244	(13,674)	0.0%
Net Surplus/(Deficit)	25,383	(13,674)	39,057	0.0%
BALANCE AT END OF PERIOD	576,953	551,570	25,383	

Where you want to be.



August 2023

Eastern Health Authority

Report of Audit Findings

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Executive summary

We are providing our report on the audit of Eastern Health Authority for the year ended 30/06/2023.

Dear Board of Management

We have conducted our financial audit of Eastern Health Authority for the year ended 30/06/2023 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:

- **Provision for Doubtful Debts**
- **Cut-off accounting adjustments**

Update on prior year matters:

1. Implementing ERP

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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dfrancis@adel.bentleys.com.au

Audit approach

Helping businesses achieve their goals and aspirations.

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

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



Audit opinion:
Financial statements

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 Australian Accounting Standard, AASB 9.

Audit Approach

We reviewed the aged receivables summary as of 30 June 2023 and performed an assessment of management's debtor analysis.

Outcome

Management have identified that \$33,733 of the debtor balances at 30 June 2023 will not be collected and will be written off in the 2024 financial year. There is no provision for doubtful debts and therefore the debtors balance is over-stated by \$33,733. The effect on the result for the year is estimated to be less than this because there was also no provision in prior years, but arguably there would have been some doubtful debts.

The effect on the financial report is not considered to be material and so we have accepted the difference.

We again recommend that the entity should be maintaining a provision for doubtful debts balance in order to comply with Accounting Standards and to ensure the debtors balance is not over-stated.

Management response

As discussed with the auditor over multiple reporting periods, the majority of these doubtful debts result from expiations that are not recoverable. Once an expiation is at the enforcement stage, legislation requires that non-paid expiations are enforced by the South Australian Government Enforcement and Fines Recovery Unit.



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

Cut-off accounting adjustments

Observation

We identified the following errors related to balance date adjustments in this year's audit:

- Income Protection Insurance for the FY24 year was expensed in FY23. (\$32k)
- Payroll for the past fortnight of June 2023 that was paid in early July was not accrued as an expense/liability for FY23 (\$55k)

These errors were subsequently amended

Recommendation

We recommend that the final trial balance be carefully reviewed to ensure that all balance date adjustments have been made and make sense, prior to being presented for audit.

Management response

Income protection invoices are always dated 30 June by the supplier for insurance required for the next financial year. The invoice was entered with the correct date (30 June 2023) as required by our accounting system but was not marked for prepayment and would not have shown in the final set of financials presented to the auditor as it was marked for payment on 17 July 2023. Again, the payroll issue was a timing issue, as superannuation was being finalised so that the full pay could be posted and again would have been included in the final set of financial statements provided to the auditor.



Status of prior
points raised

Prior Year Issue 1

1. Implementing Enterprise Resource Planning (ERP) - 2022

Prior Year Observations

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.

Current Year follow-up

EHA Management have reviewed the accounting and related time management systems and have identified that there is not a measurable benefit in integrating the two systems as they are not interdependent. The Time Management system has however been upgraded and has now improved functionality.



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

Address a critical business issue. Gain efficiency. Achieve strategic growth. Propel your organisation's success.

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7.2 REPORT ON FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2023

Author: Michael Livori

Ref: AF21/87

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 \$64,064 (-2%) less than budgeted.
- Total Operating Expenditure was \$138,447 (-54%) 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 \$49,000 compared to the budgeted result of a \$25,383.
- The operating result is a \$74,383 improvement on the budgeted operating result.

Statement of Cash Flow

- Cash and Cash Equivalents (C&CE) at the End of Reporting Period was \$644,769.
- C&CE were \$42,277 more than the budgeted estimate.

Statement of Financial Position

- Total Assets are \$2,021,463.
- 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 \$1,444,510
- 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 \$576,953 which is \$74,383 more than the budgeted estimate.

Statement of Changes in Equity

The net result of a \$25,383 surplus was \$74,383 more favourable than the budgeted estimate.

Total Equity increased by \$25,383 and at the end of the reporting period is now \$576,953.

Eastern Health Authority Funding Statement 2022/2023

EHA's Funding Statement 2022/2023 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	(16,010)	Staff unavailable for periods of year
Fines	(33,621)	Less fines issued
Immunisation Contracts	\$11,625	Change to School Programme
Non – Funded Vaccines	\$26,207	Increase in fee vaccines sold at clinics
Worksite Immunisation	(13,823)	More worksites but less numbers presenting
Food Auditing Fees	\$26,970	Increase in billable audit hours
PHN Project	(38,000)	Project concluded after 22/23 budget endorsed.

The variation in relation to total actual income received as compared to budgeted income is **(\$64,064)** or **-2%** (Actual \$2,674,936 / Budgeted \$2,739,000).

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	(\$132,408)	Staff on long term leave, time in replacing staff
Maintenance	(\$16,710)	Reduction in maintenance expenses
HR/Organisational Development	(\$17,206)	Decrease in associated cost
Immunisation Clinic Vaccines	\$25,969	Increase in fee for service vaccines purchased (see additional income above)
Strategic Plan Development	(\$20,000)	Work to be undertaken in 23/24

The variation in relation to total expenditure as compared to budgeted expenditure is **(\$152,319)** or - **5%** (Actual \$2,616,681/ Budgeted \$2,769,000).

The Budgeted Net Funding Statement Result was a deficit of \$38,391 while the actual Net Funding Statement Result was a surplus of \$38,453 (a difference of \$76,844).

RECOMMENDATION

That:

The report on Financial Results for the Year Ending 30 June 2023 is received.

EASTERN HEALTH AUTHORITY STATEMENT OF COMPREHENSIVE INCOME								
COMPARISON OF AUDITED RESULTS TO ADOPTED BUDGET								
FOR THE YEAR ENDING 30 June 2023								
	ADOPTED BUDGET 2022/2023	SEPTEMBER REVIEW	DECEMBER REVIEW	MARCH REVIEW	REVISED BUDGET 2022/2023	AUDITED RESULT 2022/2023	VARIATION AGAINST REVISED BUDGET	VARIATION AGAINST REVISED BUDGET
INCOME							\$	%
Council Contributions	1,828,000		-	-	1,828,000	1,828,000	-	0%
Statutory Charges	185,000	-	-	-	185,000	136,026	(48,974)	-26%
User Charges	407,000	-	-	-	407,000	457,619	50,619	12%
Grants, subsidies and contributions	301,000	-	-	-	301,000	230,170	(70,830)	-24%
Investment Income	7,000	-	-	-	7,000	15,866	8,866	127%
Other Income	11,000	-	-	-	11,000	7,255	(3,745)	-34%
TOTAL INCOME	2,739,000	-	-	-	2,739,000	2,674,936	(64,064)	-2%
EXPENSES								
Employee Costs	2,014,000	-	-	-	2,014,000	1,881,592	(132,408)	-7%
Materials, contracts and other expenses	608,000	-	-	-	608,000	571,267	(36,733)	-6%
Finance Charges	35,000	-	-	-	35,000	37,681	2,681	8%
Depreciation	131,000	-	-	-	131,000	159,013	28,013	21%
TOTAL EXPENSES	2,788,000	-	-	-	2,788,000	2,649,553	(138,447)	-5%
Operating Surplus/(Deficit)	(49,000)	-	-	-	(49,000)	25,383	74,383	
Net gain (loss) on disposal of assets	-	-	-	-	-	-	-	
Net Surplus/(Deficit)	(49,000)	-	-	-	(49,000)	25,383	74,383	
Total Comprehensive Income	(49,000)	-	-	-	(49,000)	25,383	74,383	

EASTERN HEALTH AUTHORITY STATEMENT OF CASH FLOWS COMPARISON OF AUDITED RESULTS TO ADOPTED BUDGET FOR THE YEAR ENDING 30 June 2023								
	ADOPTED BUDGET 2022/2023	SEPTEMBER REVIEW	DECEMBER REVIEW	MARCH REVIEW	REVISED BUDGET 2022/2023	AUDITED RESULT 2022/2023	VARIATION AGAINST REVISED BUDGET	VARIATION AGAINST REVISED BUDGET
CASHFLOWS FROM OPERATING ACTIVITIES							\$	%
Receipts								
Council Contributions	1,828,000	-	-	-	1,828,000	1,828,000	-	0%
Fees & other charges	185,000	-	-	-	185,000	136,026	(48,974)	-26%
User Charges	407,000	-	-	-	407,000	418,158	11,158	3%
Investment Receipts	7,000	-	-	-	7,000	14,506	7,506	107%
Grants utilised for operating purposes	301,000	-	-	-	301,000	230,170	(70,830)	-24%
Other	11,000	-	-	-	11,000	7,633	(3,367)	-31%
Payments								
Employee costs	(2,014,000)	-	-	-	(2,014,000)	(1,847,155)	166,845	-8%
Materials, contracts & other expenses	(608,000)	-	-	-	(608,000)	(586,184)	21,816	-4%
Finance Payments	(35,000)	-	-	-	(35,000)	(38,517)	(3,517)	10%
Net Cash Provided/(Used) by Operating Activities	82,000	-	-	-	82,000	162,637	80,637	
CASH FLOWS FROM FINANCING ACTIVITIES								
Loans Received	-	-	-	-	-	-	-	
Repayment of Borrowings	(38,391)	-	-	-	(38,391)	(38,391)	-	
Repayment of Finance Lease Liabilities	(82,000)	-	-	-	(70,803)	(70,803)	-	
Net Cash Provided/(Used) by Financing Activities	(120,391)	-	-	-	(109,194)	(109,194)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Sale of Replaced Assets	-	-	-	-	-	-	-	-
Payments								
Expenditure on renewal / replacements of assets	-	-	-	-	-	(49,557)	(49,557)	-
Expenditure on new / upgraded assets	-	-	-	-	-	-	-	-
Distributions paid to constituent Councils	-	-	-	-	-	-	-	-
Net Cash Provided/(Used) by Investing Activities	-	-	-	-	-	(49,557)	(49,557)	-
NET INCREASE (DECREASE) IN CASH HELD	(38,391)	-	-	-	(38,391)	3,886	42,277	
CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD	793,639	(152,756)	-	-	640,883	640,883	-	
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	755,248	(152,756)	-	-	602,492	644,769	42,277	

EASTERN HEALTH AUTHORITY STATEMENT OF FINANCIAL POSITION								
COMPARISON OF AUDITED RESULTS TO ADOPTED BUDGET								
FOR THE YEAR ENDING 30 JUNE 2023								
	ADOPTED BUDGET 2022/2023	SEPTEMBER REVIEW	DECEMBER REVIEW	MARCH REVIEW	REVISED BUDGET 2022/2023	AUDITED RESULT 2022/2023	VARIATION AGAINST REVISED BUDGET	VARIATION AGAINST REVISED BUDGET
CURRENT ASSETS							\$	%
Cash and Cash Equivalents	755,248	(152,756)		-	602,492	644,769	42,277	7%
Trade & Other Receivables	188,901	42,179	-	-	231,080	271,901	40,821	18%
TOTAL CURRENT ASSETS	944,149	(110,577)	-	-	833,572	916,670	83,098	10%
NON-CURRENT ASSETS								
Infrastructure, property, plant and equipment	1,024,437	58,812	-	-	1,083,249	1,104,793	21,544	2%
TOTAL NON-CURRENT ASSETS	1,024,437	58,812	-	-	1,083,249	1,104,793	21,544	2%
TOTAL ASSETS	1,968,586	(51,765)	-	-	1,916,821	2,021,463	104,642	12%
CURRENT LIABILITIES								
Trade & Other Payables	163,940	(30,715)	-	-	133,225	121,916	(11,309)	-8%
Provisions	307,903	(18,437)	-	-	289,466	285,083	(4,383)	-2%
Borrowings	119,871	20,923	-	-	140,794	111,865	(28,929)	-21%
TOTAL CURRENT LIABILITIES	591,714	(28,229)	-	-	563,485	518,864	(44,621)	-8%
NON-CURRENT LIABILITIES								
Provisions	21,716	(11,856)	-	-	9,860	44,614	34,754	352%
Borrowings	794,444	103,612	-	-	898,056	881,032	(17,024)	-2%
TOTAL NON-CURRENT LIABILITIES	816,160	91,756	-	-	907,916	925,646	17,730	2%
TOTAL LIABILITIES	1,407,874	63,527	-	-	1,471,401	1,444,510	(26,891)	-2%
NET CURRENT ASSETS/(CURRENT LIABILITIES)	352,435	(82,348)	-	-	270,087	397,806	127,719	47%
NET ASSETS	560,712	(115,292)	-	-	445,420	576,953	131,533	30%
EQUITY								
Accumulated Surplus/(Deficit)	536,712	(34,142)	-	-	502,570	576,953	74,383	15%
TOTAL EQUITY	536,712	(34,142)	-	-	502,570	576,953	74,383	15%

EASTERN HEALTH AUTHORITY STATEMENT OF CHANGES IN EQUITY COMPARISON OF AUDITED RESULTS TO ADOPTED BUDGET FOR THE YEAR ENDING 30 JUNE 2023								
	ADOPTED BUDGET 2022/2023	SEPTEMBER REVIEW	DECEMBER REVIEW	MARCH REVIEW	REVISED BUDGET 2021/2022	AUDITED RESULT 2022/2023	VARIATION AGAINST REVISED BUDGET	VARIATION AGAINST REVISED BUDGET
ACCUMULATED SURPLUS							\$	%
Balance at beginning of period	585,712	(34,142)	-	-	551,570	551,570	-	0%
Net Surplus/(Deficit)	(49,000)	-	-	-	(49,000)	25,383	74,383	-152%
BALANCE AT END OF PERIOD	536,712	(34,142)	-	-	502,570	576,953	74,383	14%
TOTAL EQUITY							\$	%
Balance at beginning of period	585,712	(34,142)	-	-	551,570	551,570	-	0%
Net Surplus/(Deficit)	(49,000)	-	-	-	(49,000)	25,383	74,383	-152%
BALANCE AT END OF PERIOD	536,712	(34,142)	-	-	502,570	576,953	74,383	14%

EASTERN HEALTH AUTHORITY FUNDING STATEMENT 2022/2023				
COMPARISON OF BUDGET TO AUDITED RESULTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2023				
Income	Adopted Budget 2022-2023	Revised Budget	Actual Result	Variation to Revised Budget
Constituent Council Income				
City of Burnside	\$ 494,233	\$ 494,233	\$ 494,233	\$ -
City of Campbelltown	\$ 453,186	\$ 453,186	\$ 453,186	\$ -
City of Norwood Payneham & St Peters	\$ 584,210	\$ 584,210	\$ 584,210	\$ -
City of Prospect	\$ 214,740	\$ 214,740	\$ 214,740	\$ -
Town of Walkerville	\$ 81,631	\$ 81,631	\$ 81,631	\$ -
Total Constituent Council Contributions	\$ 1,828,000	\$ 1,828,000	\$ 1,828,000	\$ -
Statutory Charges				
Food Inspection fees	\$ 124,000	\$ 124,000	\$ 107,990	\$ (16,010)
Legionella registration and Inspection	\$ 9,000	\$ 9,000	\$ 10,027	\$ 1,027
SRF Licenses	\$ 2,000	\$ 2,000	\$ 1,630	\$ (370)
Fines	\$ 50,000	\$ 50,000	\$ 16,379	\$ (33,621)
Total Statutory Charges	\$ 185,000	\$ 185,000	\$ 136,026	\$ (48,974)
User Charges				
Immunisation Contracts	\$ 141,000	\$ 141,000	\$ 152,625	\$ 11,625
Immunisation - non funded vaccines	\$ 60,000	\$ 60,000	\$ 86,207	\$ 26,207
Immunisation - Worksites	\$ 110,000	\$ 110,000	\$ 96,177	\$ (13,823)
Food Auditing	\$ 94,000	\$ 94,000	\$ 120,970	\$ 26,970
Food Safety Training	\$ 2,000	\$ 2,000	\$ 1,640	\$ (360)
Total User Charges	\$ 407,000	\$ 407,000	\$ 457,619	\$ 50,619
Grants, Subsidies, Contributions				
School Based immunisation Program	\$ 236,000	\$ 236,000	\$ 209,229	\$ (26,771)
Child Immunisation register	\$ 25,000	\$ 25,000	\$ 18,941	\$ (6,059)
Adelaide PHN Immunisation Community Engagement Project	\$ 40,000	\$ 40,000	\$ 2,000	\$ (38,000)
Total Grants, Subsidies, Contributions	\$ 301,000	\$ 301,000	\$ 230,170	\$ (70,830)
Investment Income				
Interest on investments	\$ 7,000	\$ 7,000	\$ 15,866	\$ 8,866
Total Investment Income	\$ 7,000	\$ 7,000	\$ 15,866	\$ 8,866
Other Income				
Motor Vehicle re-imbursements	\$ 4,000	\$ 4,000	\$ 4,357	\$ 357
Sundry Income	\$ 7,000	\$ 7,000	\$ 2,898	\$ (4,102)
Total Other Income	\$ 11,000	\$ 11,000	\$ 7,255	\$ (3,745)
Total of non Constituent Council Income	\$ 911,000	\$ 911,000	\$ 846,936	\$ (64,064)
Total Income	\$ 2,739,000	\$ 2,739,000	\$ 2,674,936	\$ (64,064)

EASTERN HEALTH AUTHORITY FUNDING STATEMENT 2022/2023 (CONT)				
Expenditure	Adopted Budget 2022-2023	Revised Budget	Actual Result	Variation to Revised Budget
Employee Costs				
Salaries & Wages	\$ 1,780,000	\$ 1,780,000	\$ 1,580,063	\$ (199,937)
Superannuation	\$ 175,000	\$ 175,000	\$ 192,660	\$ 17,660
Workers Compensation	\$ 18,000	\$ 18,000	\$ 20,160	\$ 2,160
Employee Leave Expenses	\$ 38,000	\$ 38,000	\$ 54,041	\$ 16,041
Medical Officer Retainer and Agency Staff	\$ 3,000	\$ 3,000	\$ 34,668	\$ 31,668
Total Employee Costs	\$ 2,014,000	\$ 2,014,000	\$ 1,881,592	\$ (132,408)
Prescribed Expenses				
Auditing and Accounting	\$ 15,000	\$ 15,000	\$ 12,575	\$ (2,425)
Bad and Doubtful Debts	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 30,000	\$ 30,000	\$ 39,010	\$ 9,010
Maintenance	\$ 45,000	\$ 45,000	\$ 28,290	\$ (16,710)
Vehicle Leasing/maintenance	\$ 73,000	\$ 73,000	\$ 73,851	\$ 851
Total Prescribed Expenses	\$ 163,000	\$ 163,000	\$ 153,726	\$ (9,274)
Rent and Plant Leasing				
Electricity	\$ 10,000	\$ 10,000	\$ 7,182	\$ (2,818)
Plant Leasing Photocopier	\$ 4,000	\$ 4,000	\$ 2,748	\$ (1,252)
Rent	\$ 110,000	\$ 110,000	\$ 109,320	\$ (680)
Water	\$ 300	\$ 300	\$ -	\$ (300)
Gas	\$ 2,700	\$ 2,700	\$ -	\$ (2,700)
Total Rent and Plant Leasing	\$ 127,000	\$ 127,000	\$ 119,250	\$ (7,750)
IT Licensing and Support				
IT Licences and Subscriptions	\$ 70,000	\$ 70,000	\$ 74,223	\$ 4,223
IT Support	\$ 52,000	\$ 52,000	\$ 60,556	\$ 8,556
Internet	\$ 10,000	\$ 10,000	\$ 12,854	\$ 2,854
IT Other	\$ 2,000	\$ 2,000	\$ 3,778	\$ 1,778
Total IT Licensing and Support	\$ 134,000	\$ 134,000	\$ 151,411	\$ 17,411
Administration				
Administration Sundry	\$ 6,000	\$ 6,000	\$ 7,362	\$ 1,362
Accreditation Fees	\$ 3,000	\$ 3,000	\$ 2,835	\$ (165)
Governance Expenses	\$ 12,000	\$ 12,000	\$ 16,038	\$ 4,038
Bank Charges	\$ 3,000	\$ 3,000	\$ 3,595	\$ 595
Public Health Sundry	\$ 5,000	\$ 5,000	\$ 1,274	\$ (3,726)
Fringe Benefits Tax	\$ 15,000	\$ 15,000	\$ 14,480	\$ (520)
Health promotion	\$ 9,000	\$ 9,000	\$ 715	\$ (8,285)
Legal	\$ 20,000	\$ 20,000	\$ 14,321	\$ (5,679)
Printing & Stationery & Postage	\$ 22,000	\$ 22,000	\$ 24,412	\$ 2,412
Telephone	\$ 17,000	\$ 17,000	\$ 16,248	\$ (752)
Work Health and Safety	\$ 10,000	\$ 10,000	\$ 5,997	\$ (4,003)
Rodenticide	\$ 2,000	\$ 2,000	\$ 1,389	\$ (611)
Staff Amenities	\$ 7,000	\$ 7,000	\$ 3,142	\$ (3,858)
Staff Training	\$ 22,000	\$ 22,000	\$ 20,974	\$ (1,026)
Human Resource / Organisational Development	\$ 26,000	\$ 26,000	\$ 8,794	\$ (17,206)
Total Administration	\$ 179,000	\$ 179,000	\$ 141,576	\$ (37,424)

EASTERN HEALTH AUTHORITY FUNDING STATEMENT 2022/2023 (CONT)				
Expenditure	Adopted Budget 2022-2023			
Immunisation				
Immunisation SBP Consumables	\$ 10,000	\$ 10,000	\$ 13,510	\$ 3,510
Immunisation clinic vaccines	\$ 35,000	\$ 35,000	\$ 60,969	\$ 25,969
Immunisation worksite vaccines	\$ 30,000	\$ 30,000	\$ 30,868	\$ 868
Immunisation PHN project	\$ -			
Total Immunisation	\$ 75,000	\$ 75,000	\$ 105,347	\$ 30,347
Income protection				
Income Protection	\$ 25,000	\$ 25,000	\$ 31,047	\$ 6,047
Total Uniforms/Income protection	\$ 25,000	\$ 25,000	\$ 31,047	\$ 6,047
Sampling				
Legionella Testing	\$ 2,000	\$ 2,000	\$ 2,421	\$ 421
Food Sampling	\$ -	\$ -		\$ -
Total Sampling	\$ 2,000	\$ 2,000	\$ 2,421	\$ 421
New Initiatives				
Strategic Plan Development	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Total New Initiatives	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Total Materials, contracts and other expenses	\$ 725,000	\$ 725,000	\$ 704,778	\$ (20,222)
Total Operating Expenditure	\$ 2,739,000	\$ 2,739,000	\$ 2,586,370	\$ (152,630)
Finance Charges	\$ -	\$ -	\$ (835)	\$ (835)
Depreciation, amortisation and impairment	\$ 30,000	\$ 30,000	\$ 31,146	\$ 1,146
Total Expenditure	\$ 2,769,000	\$ 2,769,000	\$ 2,616,681	\$ (152,319)
Total Income	\$ 2,739,000	\$ 2,739,000	\$ 2,674,936	\$ (64,064)
Net Surplus/Deficit	\$ (30,000)	\$ (30,000)	\$ 58,255	\$ 88,255
Depreciation Add Back	\$ 30,000	\$ 30,000	\$ 31,146	\$ 1,146
Amortisation Add Back		\$ -	\$ -	
Loans Received	\$ -	\$ -	\$ -	\$ -
Capital Expenditure - plant and Equipment	\$ -	\$ -	\$ (12,557)	\$ (12,557)
Capital Expenditure - Office Fit-out	\$ -	\$ -	\$ -	\$ -
Loan Repayments	\$ (38,391)	\$ (38,391)	\$ (38,391)	\$ -
Funding Result	\$ (38,391)	\$ (38,391)	\$ 38,453	\$ 76,844

7.3 EASTERN HEALTH AUTHORITY (EHA) AUDIT COMMITTEE ANNUAL EVALUATION REPORT 2022/2023

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. The Audit Committee has prepared an Annual Evaluation Report 2022/2023 for the Board of Management.

Report

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

12. ANNUAL REVIEW AND REPORTING TO BOARD COMMITTEE

12.1. The Committee shall annually review its own performance and Terms of Reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Board for approval.

12.2. In reviewing its performance, the Committee will have regard to:

12.2.1. The achievement of the Committee's role and Terms of Reference.

12.2.2. The Committee's decision making process.

12.2.3. The timeliness, quality and quantity of information received.

12.2.4. The relationship with the Board, Administration and other members of the Committee.

12.3. The involvement and attendance by members.

12.4. Following the Committee's annual review, the Chair (and other Independent Members as appropriate) of the Audit Committee shall provide a report to the Board on the Audit Committee's view in relation to the key areas of responsibility under these Terms of Reference, being, where relevant:

12.4.1. Financial statements and the EHA's financial position.

12.4.2. Key financial and risk related policy issues.

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

The 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 2022/2023 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 2022/2023 is received.



EHA Audit Committee

Annual Report Evaluation FY 2023

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 2023 year.

Conduct of Meetings

The Committee met on three (3) occasions during 2022-2023. The table below provides membership and meetings attended:

Meeting Dates
22 August 2022
7 December 2022
17 May 2023

Committee Membership	Term Expiry	Number of Meetings Attended
Madeleine Harding – Presiding Member	15 February 2025	3
Paula Davies – Independent Member	31 December 2025 (Resigned 18 May 2023)	3
Peter Cornish – Board Representative	At the time of the next Local Government General Election. Due to General Election, previous term expired 18 November 2022 and was reappointed 22 February 2023.	2

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 three times and considered reports on matters which had been referred to the Committee.

Due to a perceived conflict of interest, Paula Davies resigned as an independent member of the Committee on 18 May 2023.

In July 2023, Natalie Caon was appointed as the replacement Independent Member to the EHA Audit Committee for a period commencing 1 August 2023 and concluding on 31 July 2026.

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 2023 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 2023	Fees Paid FY 2023
Madeleine Harding	\$1,350
Peter Cornish	Nil
Paula Davies	\$1,050

Number of Outstanding Resolutions:

Number	Outstanding Resolution	Status
Nil		

Audit Committee Evaluation

In the last two previous financial years the Committee has undertaken a formal self-assessment process (via a questionnaire completed by members) to evaluate its performance. Results from these self-assessments have led to changes being proposed to the Board for consideration and approval.

Given recent changes in membership of the Committee, there was limited value to be obtained from long standing members completing a formal questionnaire in FY 2023. Instead, the Presiding Member has considered the key performance areas outlined below and sought feedback from the other current member of the Committee.

Area	Achieved
Role and Terms of Reference	Yes. The Terms of Reference have been reviewed to ensure they reflect the Committee's role and identify any areas for improvement.
Decision Making Process	Yes. The Committee has limited scope for decision making, however, has a robust process for making recommendations to the Board.
Information <ul style="list-style-type: none"> • Timeliness • Quality • Quantity 	Yes. Information provided by the Administration meets the Committee's requirements. The Committee is conscious of the effort made to provide thorough papers to the Committee.
Relationships with the: <ul style="list-style-type: none"> • Board • Administration • Other Committee members 	Yes. The Board Representative on the Committee seeks to ensure that the Committee has an effective relationship with the Board of Management. All Committee members have transparent and productive relationships with the Administration and each other.

Following from this 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 2023

As the Presiding Member of the Audit Committee, I am satisfied that the Committee has met its responsibilities under the Terms of Reference and provides the required level of assurance to the Board.

Of particular note this financial year, is work completed by the Chief Executive Officer and EHA Administration to address outstanding recommendations made by the external auditors in previous financial years. The Committee supports the changes made to address these recommendations and looks forward to seeing ongoing improvements to risk management and internal control processes.

The Committee consists of members with the requisite mix of skills, knowledge and experience. Due to a perceived conflict of interest, Paula Davies resigned as an Independent Member of the Committee in May 2023. As the Presiding Member, I would like to thank Paula for the insights she provided while a member.

Presiding Member Report

The Audit Committee supports and acknowledges efforts made by the Chief Executive Officer and EHA Administration to improve financial management practices and processes, this includes increasing the efficiency of the external audit process in collaboration with the auditors.

Activities undertaken by the Committee include consideration of:

- General Purpose Financial Statements for the year ended 30 June 2022
- Report on Financial Results for the Year Ended 30 June 2022
- Long Term Financial Plan Revised Estimates
- Debtors Policy
- Finance Reports and Budget Reviews
- Corporate Risk Summary
- Internal Controls Register
- Update on Audit Finding Recommendations
- Draft Annual Business Plan and Budgeted Financial Statement
- Eastern Health Authority Charter Review
- Appointment of External Auditor For 2023-2024

On behalf of the Audit Committee, I thank the Chief Executive Officer and EHA Administration for providing comprehensive and understandable reports to the Committee. This has allowed the us to meet our responsibilities as outlined in the Terms of Reference during this year.



Madeleine Harding
Presiding Member

7.4 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 detailed below.

Growth	1.1%
CPI	3.9%
Wages	3.9%
Materials	2.8%

Revised Long-Term financial estimates based on the audited results from 2022/2023 and the currently used key assumptions detailed above will be provided prior to the meeting as soon as they are available from EHA's accountant.

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.

7.6 Eastern Health Authority – Audit Committee FY2023 Workplan

	May 2023	August 2023	December 2023	Notes
End of Financial Year				
Auditor Attendance				
External Audit Recommendations-Status Update				
Long Term Financial Plan				
Year end - General Purpose Financial Statements				
Performance Reports				
Annual Business Plan & Budget	<input checked="" type="checkbox"/>			
Budget Reviews	<input checked="" type="checkbox"/>			
Policy				
Debtors Policy				
Fraud and Corruption Prevention Policy				Reviewed 7/22 due 7/24
Risk and Opportunity Management Policy				
Risk Management				
Corporate Risk Register				
Internal Controls Review				
Terms of Reference				
Audit Committee - Annual Evaluation				
Review Terms of Reference				