

## Internal Controls Register

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## Introduction

### 1. Internal Control System

The Institute of Internal Auditors describes internal controls as “any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved”. EHA's internal control system consists of procedures, policies, and practices implemented to manage areas of highest risk to the organisation, including to safeguard assets, ensure accuracy in financial reporting, promote operational efficiency, and comply with laws and regulations.

EHA's Internal Controls Register documents these procedures, policies, and practices in the following key areas:

#### **Strategic Financial Planning**

#### **Assets**

#### **Revenues**

#### **Expenses.**

### 2. Legislative Framework

The Local Government Act 1999 is the key legislation governing EHA's operations. When designing and implementing the internal controls within this register, only those provisions applicable to EHA have been considered (refer to the LGA Finance Provisions tab for details).

### 3. Assurance Activities

EHA has several independent processes in place to ensure its internal control system is implemented and operating effectively, this includes:

**External Audit** – Review internal controls and conduct independent testing (as required) to minimise the likelihood of material errors in the financial reports and fraud.

**Local Government Association Mutual Liability Scheme (LGAMLS)** – Review the system in place to manage the worker health and safety.

If required, EHA also engage subject matter experts to provide independent guidance or advice on specific areas of risk, for example, legal or IT security.

## 2.0 Annual business plan and budget

## 2.1 Objective

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

2.2	Risks:		Procedure:	Action	Name	Position Title	Commentary and/or Actions Required including Due Date (if applicable)	
	1	Annual business plan and budget does not reflect strategic objectives.	a	The Chief Executive Officer ensures that there is a robust and rigorous process to establish the annual business plan and budget to ensure that they are consistent with the objectives of the Plan Towards 2033	Approved by:	Michael Livori	Chief Executive Officer	A workshop is held each year in March with the Board of Management members. The CEO presents a powerpoint presentation which is provided to inform the Board of Management and Audit Committee of the process and timeline for the preparation and adoption of the Annual Business Plan and Budget for the relevant year. Opportunities are provided to the Board Members and Constituent Councils to provide feedback on the current service delivery and draft Plan and Budget.
	2	Unrealistic budgets.	a	The department managers are to base their budgets on realistic and achievable assumptions.	Generated by:	Michael Livori	Chief Executive Officer	Assumptions included in the EHA Annual Business Plan.
			b	The department managers are to approve relevant budgets.	Approved by:	Michael Livori	Chief Executive Officer	The Draft Annual Business Plan and Budget is thoroughly reviewed by Managers and CEO prior to presenting to the Board of Management.
			c	The department managers ensure that budgets are amended, compared to the previous year, to take into account significant changes in operations.	Reviewed by:	Michael Livori	Chief Executive Officer	Each review period any variances in budget vs actual is thoroughly investigated and budget reviews if required by CEO.
			d	All amendments to budgets are approved per the Local Government Act	Approved by:	Michael Livori	Chief Executive Officer	Approved by Board of Management and Constituent Councils
	3	Budgets are inaccurately reported.	a	Original and revised budgets reconciled to the data in the financial system for accuracy by appropriate level of managements; identified variances are investigated.	Reconciled by:	Michael Livori	Chief Executive Officer	Reconciled to Accounting system once Budget Variations adopted by the Board of Management
			b	The first, second, third quarterly and end of previous financial year's budget reviews are prepared, considered by the Board of Management and tabled in accordance with Schedule 2 of the Act.	Prepared by:	Michael Livori	Chief Executive Officer	Any changes to the financials that arise as a result of these reviews are then actioned in MYOB Accounting Software
			c	Budget information is loaded at the activity level. Where practicable, the budget is timed over the twelve months.	Input by:	Michael Livori	Chief Executive Officer	Actioned in MYOB Accounting Software with assistance from Imogen Hall
			d	Access to budget information is restricted to appropriately authorised personnel.	Checked by:	Michael Livori	Chief Executive Officer	Security Settings set by Administrator of MYOB to limits placed depending on functions required of staff.

2.0 Annual business plan and budget

2.1 Objective

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

2.2	Risks:			Procedure:	Action	Name	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
			e	Managers are trained to understand and are held accountable for their budgets.	Reviewed by:	Michael Livori	Chief Executive Officer	Consultation and discussions throughout the preparation and adoption process of the Annual Business Plan and Budget. Manager, Admin / Compliance to work with Manager, Environmental Health /Immunisation.

## 3.0 Management reporting

## 3.1 Objective

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

3.2	Risks:			Procedure:	Action	Name	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
1	EHA's financial operations are not reviewed and responded to appropriately.	a		Department managers are clearly informed of their duties and responsibilities in relation to reporting.	Informed by:	Michael Livori	Chief Executive Officer	Managers have areas of responsibility in their Position Descriptions.
			b	Reviewing roles and responsibilities are designated in accordance with Delegations of Authority.	Approved by:	Michael Livori	Chief Executive Officer	Delegations review to Board of Management
			c	A reporting timetable is developed to ensure the appropriate reports are produced, reviewed and tabled in accordance with Schedule 2 of the Act and the EHA Charter.	Developed by:	Amanda Fahey	Manager - Administration and Compliance	A timetable is prepared for End of Financial Year Timeline and distributed to the Accountant and Auditors of EHA to ensure compliance with deadlines. The annual timetable is to be drafted and distributed in April prior to preparation for end of financial year.
			d	The timetable (as mentioned above) is checked to ensure that management is reviewing the appropriate information on a regular and timely basis.	Checked by:	Amanda Fahey	Manager - Administration and Compliance	Monthly working calendar checklist has been developed to ensure all financial requirements are met Monthly, Quarterly and Annually. Financial Management Regulations are noted within Schedule 2 of the Act and the EHA Charter.

4.0 **Ledgers and Journals**

4.1 **Objective**

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

4.2	Risks:			Procedure:	Action	Name	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	1	General ledger does not contain accurate financial information as a result of inaccurate journals which are not detected in routine review processes.	a	When a new account is created in the Chart of accounts it is checked for input accuracy.	Checked by:	Imogen Hall	Administration Officer	Form to be developed to authorise all new account numbers and/or changes made to existing account numbers in MYOB. Form to be signed by CEO.
			b	Access in MYOB for transaction input or masterfile amendment is limited.	Processed by:	Imogen Hall	Administration Officer	Security is monitored in MYOB setup and access to General Journal area is restricted per USER access.
			c	Transaction processing is checked for accuracy. Errors are corrected by a further journal or masterfile amendment.	Checked by:	Amanda Fahey	Manager - Administration and Compliance	Monthly reconciliation of cash accounts by Administration Officer and Manager - Administration and Compliance as per the EOM process. All financial reports to be
			d	The audit trail is verified to source documentation.	Verified by:	Creative Auditing	Financial Consultant	Document any audit trail verification.

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4.2	Risks:		Procedure:	Action	Name	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
		e	All authorisation of journals is controlled by MYOB user role profiles which prevent unauthorised journals being created or posted by inappropriate personnel.	Approved by:	Michael Livori	Chief Executive Officer	Register of MYOB users and access has been created and is kept in records management system.
		f	General ledger reconciliations (including control and clearing accounts) are prepared on a monthly basis; all reconciliations are independently reviewed through the EOFY external audit process.	Reviewed by:	Imogen Hall	Administration Officer	EOM checklist with P&L review listed initiatives a General Ledger review, including controllable and clearing accounts with Administration Officer and Manager - Administration & Compliance. External Audit is conducted at EOFY.
		g	Some supporting documentation is electronically stored, and in the case of uploaded journals the file used to upload the transactions contains additional information regarding reason and or/description.	Stored by:	Imogen Hall	Administration Officer	As processed in MYOB accounting system.

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

4.2	Risks:		Procedure:	Action	Name	Position Title	Commentary and/or Actions Required including Due Date (if applicable)	
	2	Data contained within the general ledger (and subsidiary records) is permanently lost.	a	Formal IT disaster recovery plan adopted by EHA including the off-site backup of data, program and documentation.	Approved by:	Michael Livori	Chief Executive Officer	IT Disaster Recovery Plan tested February 2026.
			b	All updates and changes to data tables are authorised, tested and documented.	Checked by:			
			c	Access to the computerised general ledger is controlled by the user and role profiles within the system.	Approved by:			Document any review of system reports detailing user role and profiles.
	3	EHA's statutory reports and other statutory returns provide inaccurate financial information and do not comply with statutory reporting requirements.	a	Relevant personnel responsible for preparing statutory reports are provided regular training to keep abreast of changes to reporting requirements.	Prepared by:	Creative Auditing	Financial Consultant	
			b	Financial reports prepared by suitably qualified staff.	Checked by:	Creative Auditing	Financial Consultant	
			c	Regular liaison with external auditor.	Liaison by:	Amanda Fahey	Manager - Administration and Compliance	Accountant and Auditor have online access to MYOB Accounting Software.
			d	Actual results are compared to budget regularly; management reviews and investigates significant variances.	Compared by:	Michael Livori	Chief Executive Officer	Quarterly budget reviews presented to the Board of Management for adoption.
			e	Appropriate working papers are prepared and reviewed to support the financial statement balances during the statement preparation process.	Reviewed by:	Creative Auditing	Financial Consultant	All working papers are scanned into electronic records management system.

## 5.0 Fixed Assets

## 5.1 Objective

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

5.2	Risks:		Procedure:	Action	Name	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
1	Fixed asset acquisitions are fictitious, inaccurately recorded or not recorded at all.	a	The recording of an asset needs to be authorised.	Approved by:	Michael Livori	Chief Executive Officer	All purchases authorised by CEO prior to payment. On receipt of goods, asset is entered into the Accounting System.
		b	A check is made that all assets that should be recorded are recorded.	Checked by:	Creative Auditing	Financial Consultant	Regular updates to the EHA Asset Register and internal asset listing are completed by Administration Officer. Financial Consultant conducts checks twice a year at interim and balance day audit.
		c	A check is made that payroll is appropriately costed.	Checked by:	Michael Livori	Chief Executive Officer	Payroll expenses are tracked as part of the EOM process, this includes updating of YTD salaries report which also costs out against yearly budget. "Actual" hours and staff allocations are recorded against budgeted numbers to track costings for future forecasting.
		d	Fixed assets are recorded.	Recorded by:	Zoe Watkins	Administration Officer	EHA Asset Register updated as required and reconciled quarterly and at the end of the financial year.
		e	Errors are fixed by a general or asset sub-system journal.	Processed by:	Amanda Fahey	Manager - Administration and Compliance	
		f	Asset registers are updated and reconciled to the general ledger on a regular basis.	Reconciled by:	Creative Auditing	Financial Consultant	Last reconciled 30/06/2024.
		g	Activity recorded in fixed asset register is reviewed by management and compared to the capital budget.	Reviewed by:	Creative Auditing	Financial Consultant	Each qtr budget review the fixed asset register is compared against the capital budget as a check point.
2	Fixed assets are not valued correctly.	a	Periodic revaluations are carried out (in the order of every 3 to 5 years) and carrying amounts are reviewed annually to ensure they remain fairly stated.	Requested by:	Michael Livori	Chief Executive Officer	
		b	Management reviews depreciation rates and methodology annually to ensure that methods used to depreciate fixed assets are still appropriate in accordance with the asset impairment and asset revaluation policies.	Reviewed by:	Creative Auditing	Financial Consultant	Depreciation review is done annually in consultation with Accountant at each development of Annual Business Plan and Budget.

5.0 **Fixed Assets**

5.1 **Objective**

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

5.2	<b>Risks:</b>			<b>Procedure:</b>	<b>Action</b>	<b>Name</b>	<b>Position Title</b>	<b>Commentary and/or Actions Required including Due Date (if applicable)</b>
	3	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded.	a	Management reviews depreciation rates and methodology annually to ensure that methods used to depreciate fixed assets are still appropriate in accordance with the asset impairment and asset revaluation policies.	Reviewed by:	Creative Auditing	Financial Consultant	Agenda item on the timetable for End of Financial Year Timeline to ensure depreciation of fixed assets for year end is correct.

## 6.0 Debtors other than rates

## 6.1 Objective

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

6.2	Risks:		Procedure:	Action	Name	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
1	Debtors invoices and credit notes are either inaccurately recorded or not recorded at all.	a	An invoice is requested to be raised.	Requested by:	EHO Staff		Administration Officer to raise invoice apart receipt of request. Pro-forma request for invoice reviewed when required in line with price variations.
		b	Debtors input is posted. Incorrect input can be amended.	Input by:	Imogen Hall	Administration officer	
		c	Invoices raised are reviewed for completeness and accuracy.	Reviewed by:	Imogen Hall	Administration Officer	Invoices are crossed checked prior to being emailed.
		d	Statements of accounts receivable are emailed to debtors	Prepared by:	Imogen Hall	Administration officer	Monthly follow up plan as per Debt Collection Standard Operating Procedure.
		e	Errors discovered after an invoice is raised are corrected by processing a 'debtors journal'.	Processed by:	Imogen Hall	Administration Officer	Any errors identified are submitted by the Administration Officer to the Manager, Administration and Compliance for correction approval. Evidence of error retained and filed in Records Management System as per processed in MYOB.
		f	A copy of the debtor's invoices is retained.	Retained by:	Imogen Hall	Administration Officer	Recorded in MYOB Accounting Software.
		g	Payments are received via the receipting system.	Receipted by:	Imogen Hall	Administration Officer	Payment method is recorded in the accounting system (MYOB) including cheque numbers or electronic payment details.
		h	Debtors outstanding are reconciled to the general ledger control accounts on a monthly basis.	Reconciled by:	Creative Auditing	Financial Consultant	Evidence of end of year reconciliation retained and filed in EHA's Records Management System. Monthly debtors reports are maintained by Administration Officer.
		i	Audit trails and reconciliations are independently reviewed.	Reviewed by:	Creative Auditing	Financial Consultant	Creative Auditing has online access to the MYOB file.

## 6.0 Debtors other than rates

## 6.1 Objective

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

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

7.0 Receipting

7.1 Objective

Accountability of monies due to EHA.

7.2 Risks:			Procedure:	Action	Name	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
1	Cash float is inadequately safeguarded	a	The cash float is stored in secured facilities.	Stored by:	Imogen Hall	Administration Officer	Stored in locked cupboard in reception.
		b	Access (i.e. passwords or keys) to the cash float safes/registers is limited to appropriately designated staff.	Limited to:	Imogen Hall	Administration Officer	Keys are stored separately. All administration staff have access to tin for clinic purposes.
		c	A register for cash floats is maintained.	Maintained by:	Imogen Hall	Administration Officer	\$200 float. Cash Register is reconciled at the beginning and end of every clinic. Admin staff rostered onto clinic sign to verify reconciliation has been completed.
		d	The cash float is reconciled on a regular basis and these reconciliations are reviewed by the and Administration Officer & Manager, Administration & Compliance	Reconciled by:	Imogen Hall	Administration Officer	Cash Register is reconciled at the beginning and end of every clinic.
Reviewed by:	Imogen Hall			Administration Officer	Any discrepancies are picked up when processing the bank statement reconciliation.		
2	Receipts are either inaccurately recorded or not recorded at all	a	Receipts are recorded. Service users/customers are provided with a copy of the receipt on request and total weekly receipts (per register) are balanced to receipts deposited at bank.	Performed by:	Imogen Hall	Administration Officer	Current banking received is minimal, therefore the task is completed as part of the EOM processes. MYOB is reconciled to both the cash float and deposits recorded.

7.0 Receipting

7.1 Objective

Accountability of monies due to EHA.

7.2	Risks:		Procedure:	Action	Name	Position Title	Commentary and/or Actions Required including Due Date (if applicable)	
			b	Bank statements are reconciled to the general ledger monthly.	Reconciled by:	Imogen Hall	Administration Officer	Monthly reconciliation documented and signed by Manager - Administration and Compliance and CEO.
	3	Receipts are not deposited at the bank on a timely basis.	a	Cash receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Deposited by:	Imogen Hall	Administration Officer	Banking completed as required. Unless, funds received are minimal it is then completed as part of the EOM requirements.
			b	Cash is physically transferred to the bank in a secure manner.	Transferred by:	Imogen Hall	Administration Officer	
	4	Offsite collection of monies is not handled correctly.	a	Receipts are provided for monies received where requested.	Provided by:	Imogen Hall	Administration Officer	
			b	Cash floats are reconciled on a regular basis and these reconciliations are signed by the Chief Executive Officer.	Reviewed by:	Imogen Hall	Administration Officer	Cash Register is reconciled at the beginning and end of every clinic. Spot checks to be completed by both Manager - Administration & Compliance and CEO.

8.0 Payroll

8.1 **Objective**

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

8.2	Risks:		Procedure:	Action	Name	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
1	Employee provisions are either inaccurately recorded or not recorded at all.	a	i	Staff requests for leave require approval.	Approved by:	Michael Livori	Chief Executive Officer Refer to EHA's Template of Leave Application Form.
			ii	Taken leave is recorded independent from the approval.	Recorded by:	Imogen Hall	Administration Officer Leave taken is recorded in MYOB as part of the fortnightly Payroll process. Leave forms are filed in the records management system under the employees personnel file.
		b	The methodology used to calculate salary sacrifice calculations and employee provisions to ensure consistency with statutory reporting requirements is reviewed.	Reviewed by:	Dianne Harvey (MyBiz Connections)	Financial Consultant All calculations are authorised by CEO prior to adjustment in pay and reviewed.	
		c	Employee provisions are reviewed on a regular basis.	Reviewed by:	Creative Auditing	Financial Consultant Creative Auditing has access to the online MYOB file.	
		d	Actual employee costs and employee provisions are compared to budget on a regular basis and significant variances investigated.	Performed by:	Michael Livori	Chief Executive Officer Payroll expenses are tracked as part of EOM process, this includes updating of YTD salaries report which also costs out against yearly budget.	
		e	Access to payroll/provision masterfiles is restricted to designated and qualified staff.	Accessible by:	Michael Livori	Chief Executive Officer Access to payroll in MYOB restricted to Finance Administration Officer and Senior Management team.	

## 8.0 Payroll

8.1 **Objective**

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

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

8.0 Payroll

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8.2	Risks:		Procedure:	Action	Name	Position Title	Commentary and/or Actions Required including Due Date (if applicable)	
		e	i	Errors in a timesheet require the submission of an amended sheet.	Checked by:	Dianne Harvey (MyBiz Connections)	Financial Consultant	
			ii	Other input errors are corrected during pay preparation or in a subsequent pay	Input by:	Dianne Harvey (MyBiz Connections)	Financial Consultant	
		f		The update to the general ledger is performed once all pay preparation is complete for a pay period.	Checked by:	Dianne Harvey (MyBiz Connections)	Financial Consultant	
		g		Data input to an incorrect general ledger account number is corrected by a general journal.	Performed by:	Dianne Harvey (MyBiz Connections)	Financial Consultant	Evidence of journal stored in Payroll processed in MYOB.
		h		The payroll software produces various warnings to indicate likely errors.	Reviewed by:	Dianne Harvey (MyBiz Connections)	Financial Consultant	
		i		Actual payroll expense is compared to budget by management; significant variances are investigated and approved by management.	Compared by:	Michael Livori	Chief Executive Officer	Payroll expenses are tracked as part of EOM proces, this includes updatng of YTD salaries report which also costs out against yearly budget. "Actual" hours and staff allocations are recorded against budgeted numbers to track costings for future forecasting.

8.0 Payroll

8.1 **Objective**

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

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

8.0 Payroll

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

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

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

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

## 9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

9.2	Risks:		Procedure:	Action	Name	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
1	Petty cash is inadequately safeguarded.	a	Petty cash is stored in secured facilities (e.g. safes, registers).		Imogen Hall	Administration Officer	Cash Float is stored in locked cabinet at desk of Administration Officer.
		b	Access (i.e. passwords or keys) to the petty cash safes/registers is limited to appropriately designated staff.		Imogen Hall	Administration Officer	Administration Officer manages all areas of Petty Cash. Keys for petty cash tin are kept in a locked drawer at the desk of Administration Officer, with the spare key held with the Manager, Administration & Compliance
		c	Petty cash is maintained by Finance Administration Officer.		Imogen Hall	Administration Officer	Electronic petty cash records kept. All documents are scanned into electronic records management system.
		d	Petty cash as funds are replenished as they are depleted. Reconciliation occurs as part of EOM process and are reviewed by Chief Executive Officer.	Reviewed by:	Michael Livori	Chief Executive Officer	Reconciliation of petty cash records are completed as part of EOM. All reimbursements completed and approval by Manager's and CEO for EOM reconciliation.
2	Bank payments are either inaccurately recorded or not recorded at all.	a	EHA ensures an appropriate level of authority when advised of account numbers and account number changes for electronic transfers.	Checked by:	Imogen Hall	Administration Officer	Administration Officer will request formal notificatino in writing of the account changes. This is then authorised by Manager, Administration and Compliance.
		b	Access to the creditor masterfile data is restricted to minimise the likelihood of unauthorised bank account number changes.	Restricted to:	Michael Livori	Chief Executive Officer	MYOB user access has been created with limited restrictions per USER access.

## 9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

9.2	Risks:		Procedure:	Action	Name	Position Title	Commentary and/or Actions Required including Due Date (if applicable)	
			Access to the electronic banking system requires two appropriately designated personnel.	1st approval:	Michael Livori	Chief Executive Officer	Michael Livori	
				2nd approval:	Nadia Conci	Manager-Environmental Health & Immunisation	Manager- Environmental Health & Immunisation: Nadia Conci Note: Amanda Fahey alternative	
			Bank statements are reviewed frequently so any unauthorised access can be identified in a timely manner (phishing).	Reviewed by:	Imogen Hall	Administration Officer	Weekly reviews of bank statement are performed. Cash flow monitored to identify any variances.	
			Bank reconciliations are performed on a regular basis and are reviewed by an independent person. Any identified discrepancies are investigated immediately.	Performed by:	Imogen Hall	Administration Officer	Bank reconciliations are completed as part of EOM process and this is then authorised by Manager - Administration and Compliance.	
				Reviewed by:	Michael Livori	Chief Executive Officer	Evidence of independent review.	
	3	Accounts payable amounts are either inaccurately recorded or not recorded at all	a	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable sub-ledger regularly and differences are investigated.	Reconciled by:	Imogen Hall	Administration Officer	Administration Officer reconciles and follows up on any invoices required for payment against statement for the relevant month.
			b	Actual expenditures are compared to budget regularly; management reviews and approves significant variances.	Compared by:	Michael Livori	Chief Executive Officer	Expenditure investigated against budget each EOM and review as part of the budget review process. Any variances over \$5k to be explained to the board.
			c	Invoices for services received are authorised and accompanied by appropriate supporting documentation.	Authorised by:	Michael Livori	Chief Executive Officer	Purchase Orders required for purchases over \$1000 as per Procurement Policy

9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

9.2	Risks:		Procedure:	Action	Name	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
			d	Goods received are matched with purchase order details and/or invoices.	Matched by:	Imogen Hall Administration Officer	Invoices are checked for Goods Received stamp prior to authorisation and payment.
	4 Creditor disbursements are not valid.		a	All disbursements must be approved by management in accordance with Delegations of Authority.	Approved by:	Michael Livori Chief Executive Officer	
			b	Management reviews supporting documentation before approving payments.	Reviewed by:	Michael Livori Chief Executive Officer	Each individual invoice is approved by Chief Executive Officer prior to the payment batch being processed via Bank SA portal.
			c	There is a robust procedure for electronic funds transfer payments to reduce the likelihood of monies being credited to the wrong bank accounts.	Processed by:	Imogen Hall Administration Officer	Advices of bank accounts filed in EHA's Records Management System.
	5 Accounts payable are not paid on a timely basis		a	Invoice authorisation is obtained in a timely manner (2 days prior to payment).	Approved by:	Michael Livori Chief Executive Officer	Account Payments processed twice monthly.

## 9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

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

9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

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

## 9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

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

## 9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

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

9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

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

9.0 Purchases and payments

9.1 **Objective**

Operation of a purchasing and payment function for EHA.

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

The Local Government Act 1999 contains the following finance provisions:

<b>Policy</b>	<b>Procedure</b>	<b>Audit</b>
122 Strategic management plans	123 Annual business plans and budgets	126 Audit committee
125 Internal control policies	124 Accounting records to be kept	128 The auditor
133 Sources of funds	127 Financial statements	129 Conduct of audit
135 Ability of a Council to give security	134 Borrowing and related financial arrangements	130 CEO to assist auditor
138 Council not obliged to expend rate revenue in a particular financial year	136 State Government not liable for debts of a Council	187A Administrative audits by Ombudsman
139 Investment powers	137 Expenditure of funds	187B Investigation by Ombudsman
146 Rates and charges that a Council may impose	140 Review of investments	
148 Land against which rates may be assessed	141 Gifts to a Council	
150 General principles	142 Duty to insure against liability	
151 Basis of rating	143 Writing off bad debts	
152 General rates	144 Recovery of amounts due to Council	
155 Service rates and service charges	145 Payment of fees etc. to Council	
156 Basis of differential rates	149 Contiguous land	
166 Discretionary rebates of rates	153 Declaration of general rate (including differential general rates)	
182 Remission and postponement of payment	154 Separate rates	
188 Fees and charges	157 Notice of differentiating factors	
	158 Minimum rates and special adjustments for specified values	
	159 Preliminary	
	160 -165 Rebate of rates	
	167-169 Valuation of land	
	170 Notice of declaration of rates	
	172-174 Chief executive officer to keep assessment record	
	175 Duty of Registrar-General to supply information	
	176 Preliminary	
	177-187 Rates are charges against land	

# Eastern Health Authority

## Introduction (cont.)

### **2. Procedures**

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

#### ***Why do we need this procedure?***

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

#### ***What is the procedure?***

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

#### ***Who performs the procedure?***

Who processes and reviews the paperwork.

### **3. Internal Audit**

Reviews the procedures to determine whether they adequately address the areas of greater risk.

### **4. External Audit**

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