

Professional Standards
Council of Queensland

Financial Statements

For the year ended 30 June 2022

Protecting consumers by
improving professional
standards

**Professional Standards Council Financial Statements
For the Year Ended 30 June 2022**

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Certification Independent Auditor's Report			Management Certificate

For information in relation to the Council's financial statements please call (07) 373 89208 or email Paula.Werner@justice.qld.gov.au.

PROFESSIONAL STANDARDS COUNCIL
Statement of Comprehensive Income
Year ended 30 June 2022

OPERATING RESULT	Note	2022	2021
		\$'000	\$'000
Income from continuing operations			
User charges and fees	B1-1	392	369
Other revenue		4	5
Total Income from continuing operations		396	374
Expenses from continuing operations			
Supplies and services	B2-1	403	416
Total expenses from continuing operations		403	416
Operating result for the year		(7)	(42)
OTHER COMPREHENSIVE INCOME			
		-	-
TOTAL COMPREHENSIVE INCOME		(7)	(42)

The accompanying notes form part of these financial statements.

PROFESSIONAL STANDARDS COUNCIL
Statement of Financial Position
as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Current assets			
Cash and cash equivalents	C1	543	575
Receivables	C2	5	6
Total current assets		548	581
Total assets		548	581
Current liabilities			
Payables	C3	114	140
Total current liabilities		114	140
Total liabilities		114	140
Net assets		434	441
Equity			
Accumulated surplus		434	441
Total equity		434	441

The accompanying notes form part of these statements.

PROFESSIONAL STANDARDS COUNCIL
Statement of Changes in Equity
for the year ended 30 June 2022

	Accumulated Surplus	TOTAL
	\$'000	\$'000
Balance as at 1 July 2020	483	483
Operating result from continuing operations	(42)	(42)
Balance at 30 June 2021	441	441
Operating result from continuing operations	(7)	(7)
Balance at 30 June 2022	434	434

The accompanying notes form part of these statements

PROFESSIONAL STANDARDS COUNCIL
Statement of Cash Flows
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows:</i>			
User charges and fees		393	370
Interest receipts		4	5
GST input tax credits from ATO		43	41
<i>Outflows:</i>			
Supplies and services		(429)	(407)
GST paid to suppliers		(43)	(41)
Net cash used in operating activities		(32)	(32)
Net decrease in cash and cash equivalents		(32)	(32)
Cash and cash equivalents - opening balance		575	607
Cash and cash equivalents - closing balance	C1	543	575

The accompanying notes form part of these statements.

Professional Standards Council
Notes to the Financial Statements
for the year ended 30 June 2022

SECTION 1 ABOUT THE COUNCIL AND THIS FINANCIAL REPORT
--

A1 BASIS OF FINANCIAL STATEMENT PREPARATION

A1-1 GENERAL INFORMATION

The Professional Standards Council ("the Council") is a not-for-profit statutory body established under the *Professional Standards Act 2004* and controlled by the State of Queensland, which is the ultimate parent.

The head office and principal place of business of the Council is Level 2, St James Centre, 111 Elizabeth Street, Sydney NSW, 2000.

A1-2 COMPLIANCE WITH PRESCRIBED REQUIREMENTS

The Professional Standards Council has prepared these financial statements in compliance with the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2019*.

These general purpose financial statements are prepared in accordance with the disclosure requirements of Australian Accounting Standards – Simplified Disclosures. The financial statements comply with the recognition and measurement requirements of all Australian Accounting Standards and Interpretations applicable to not-for-profit entities, and the presentation requirements in those standards as required by AASB 1060.

The financial statements are prepared on an accrual basis, with the exception of the Statement of Cash Flows which is prepared on a cash basis. Except where stated, the historical cost convention is used as the measurement basis.

A1-3 PRESENTATION

Currency and Rounding

Amounts included in the financial statements are in Australian dollars and rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparatives

Comparative information reflects the audited 2020-21 financial statements.

Current/Non-Current Classification

Assets and Liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Council does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

A1-4 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements are authorised for issue by the Chairperson, Professional Standards Council and Acting Executive Director, Financial Services Branch of the Department of Justice and Attorney-General at the date of signing the Management Certificate.

A1-5 THE REPORTING ENTITY

The financial statements include the value of all income, expenses, assets, liabilities and equity of the Council. The Council does not control any other entities.

Professional Standards Council
Notes to the Financial Statements
for the year ended 30 June 2022

A1 BASIS OF FINANCIAL STATEMENT PREPARATION - (continued)

A1-6 IMPACT OF THE GLOBAL CORONAVIRUS PANDEMIC (COVID-19)

To contain the spread of the coronavirus and to prioritise the health and safety of our communities, various restrictions were announced and implemented across the country. This impacted the operations of the Council and the Professional Standards Authority, which provides regulatory support to the eight national Professional Standards Councils. The Council's principal office in Sydney was closed for the majority of the year, with staff working from home. There has also been limited travel and direct stakeholder engagement in the first three quarters of the financial year. Councils and committee meetings however continued as scheduled using video-conferencing.

A2 OBJECTIVES OF THE COUNCIL

The objectives of the Professional Standards Council are to promote consumer protection and excellence in professional standards by encouraging the self-regulation of occupational groups through Professional Standards Schemes.

a) PROFESSIONAL STANDARDS SCHEMES

Professional Standards Schemes apply to members of occupational associations that administer professional standards schemes approved by the Councils. Professional Standards Schemes:

- Recognise those occupational associations who implement robust risk management strategies;
- Limit occupational liability for members of occupational associations who carry professional indemnity insurance and/or business assets which comply with the association's standard of insurance and are at (or above) the level of the limitation of liability amount (cap).

b) THE PROFESSIONAL STANDARDS COUNCILS

The Professional Standards Councils were constituted under state and territory professional standards legislation, with the mandate to approve Professional Standards Schemes. There are a total of eight Councils, one for each Australian state and territory. Each Council consists of eleven members, who are nominated and appointed pursuant to the *Professional Standards Agreement 2011*.

c) THE QUEENSLAND COUNCIL

The Professional Standards Council was established under the *Professional Standards Act 2004* (the Act). The Council is responsible for determining the limitation of liability. When doing so, the Council must consider the claims history of each association member and the need to adequately protect consumers. The Council's other functions are set out in section 43 of the Act, and are in summary:

- To advise the Minister about publication in the Gazette, amendments to, or revocation of a scheme; the operation of the Act; and anything else about the occupational liability of members of occupational associations;
- To advise occupational associations about insurance policies relating to limitation of liability;
- To encourage and assist in the improvement of occupational standards of members of occupational associations;
- To encourage and assist in the development of self-regulation of occupational associations;
- To monitor the occupational standards of members of participating occupational associations;
- To monitor the compliance by an occupational association with its risk management strategies;
- To publish advice and information about the functions of Council;
- To conduct forums, approved by the Minister, on issues of interest to members of occupational groups;
- To collect, analyse and provide the Minister with information on issues and policies about the standards of occupational groups; and
- To start proceedings in its own name for the prosecution of an offence against the Act or for injunctive or other relief for the offences.

Professional Standards Council
Notes to the Financial Statements
for the year ended 30 June 2022

A2 OBJECTIVES OF THE COUNCIL - (continued)

d) FUNDING OF THE COUNCIL

The Council is fully funded through the following:

- A fee of \$5,000 is payable to the Council for a Professional Standards Scheme application for approval, amendments or revocation as per the *Professional Standards Regulation 2017*;
- The annual fee of \$50 for each member of occupational associations participating in a Professional Standards Scheme as per the *Professional Standards Regulation 2017*;
- Interest payable on unpaid annual fees as per the *Professional Standards Regulation 2017*; and
- The interest on accumulated funds.

Professional Standards Council
Notes to the Financial Statements
for the year ended 30 June 2022

SECTION 2 NOTES ABOUT OUR FINANCIAL PERFORMANCE
--

B1 REVENUE

B1-1 USER CHARGES AND FEES

	2022	2021
	\$'000	\$'000
Annual fees	392	369
Total	392	369

Accounting Policy - User Charges

User charges and fees are pursuant to the *Professional Standards Regulations 2017*. Application fees are recognised on receipt, noting that no application fees were received during the year, nor the comparative year. Annual fees are recognised over the annual scheme period, with accruals raised where regulated fees have not been received at 30 June. Where a scheme year is not equal to the fiscal year, a portion of the revenue is deferred (contract liability) until the next fiscal year. There is no deferred revenue required to be shown as at 30 June 2022.

B2 EXPENSES

B2-1 SUPPLIES AND SERVICES

Secretariat support charges*	402	415
Bank charges	1	1
Total	403	416

Accounting Policy - Supplies and Services

*This represents secretariat support provided by the Department of Customer Service, New South Wales. The total cost of secretariat support proportionately shared among the eight Councils is determined by the percentage of revenue each Council has recognised. These costs include employment costs, remuneration of all members of all eight national Councils, other operating expenses, occupancy costs and depreciation and amortisation of assets solely procured for the Councils and held by the Department of Customer Service, New South Wales. In 2022, Queensland's percentage is 8.22% (2021: 8.63%).

Included in Secretariat support is an amount of \$5,225 for external audit (2021: \$5,225). External audit fees as shown in note B2-1 represents 8.22% of the total expected external audit fees for the consolidated eight jurisdictional Professional Standards Councils and does not represent the actual audit costs incurred for the Professional Standards Council of Queensland. External audit fees of the Professional Standards Council of Queensland are paid to the Queensland Audit Office and relate to the 2021-22 financial statements. There are no non-audit services in this amount.

Professional Standards Council
Notes to the Financial Statements
for the year ended 30 June 2022

SECTION 3 NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

	2022	2021
	\$'000	\$'000
Cash at bank	543	575
Total	543	575

Accounting Policy - Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June as well as deposits held at call with financial institutions (Queensland Treasury Corporation - Cash Fund Facility).

Cash held in 2022 with the Commonwealth Bank earned interest at a rate between 0.05% to 0.80% (2021: 0.05% to 0.2%), and with the Queensland Treasury Corporation at a rate between 0.29% to 0.90% (2021: 0.51% to 1.03%). If interest rates changed by +/-1% from the year end rates applicable to the Council's financial assets, with all other variables held constant, the Council would have a surplus and equity increase/(decrease) of \$5,430 (2021: \$5,750). This is mainly attributable to the Council's exposure to variable interest rates on its cash deposited in interest bearing accounts.

C2 RECEIVABLES

Membership fees receivable	5	6
Total	5	6

Trade debtors, being amounts receivable as per the *Professional Standards Regulations 2017* are recognised as amounts due at the time of sale or service delivery i.e. the regulated price. Settlement of these amounts is required within 30 days in order to avoid regulated simple interest at the rate of 0.05% per day being payable on the outstanding balance until that balance is paid. The interest is payable on and from the day after the 30 days ends, until and including the day the amount is paid.

The collectability of receivables is assessed periodically with provision being made for expected credit losses. Expected credit losses have been assessed as not material. All known bad debts were written-off as at 30 June 2022.

Other debtors generally arise from transactions outside the usual operating activities of the Council and are recognised at their assessed values. Terms are a maximum of three months, no interest is charged and no security is obtained.

C3 PAYABLES

Trade creditors	114	140
Total	114	140

Trade creditors include 2021-22 service charges for the period 1 April 2022 to 30 June 2022. Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount. Amounts owing are unsecured and are generally settled on 30 day terms.

Professional Standards Council
Notes to the Financial Statements
for the year ended 30 June 2022

SECTION 4 NOTES ABOUT RISK AND OTHER ACCOUNTING UNCERTAINTIES
--

D1 FINANCIAL RISK DISCLOSURES

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Council becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - (Note C1)
- Receivables - held at amortised cost (Note C2)
- Payables - held at amortised cost (Note C3)

The Council does not enter into transactions for speculative purposes, nor for hedging. The Council holds no financial assets classified at fair value through profit or loss.

D2 CONTINGENCIES

The Professional Standards Council has no material contingencies as at 30 June 2022.

D3 EVENTS OCCURRING AFTER THE REPORTING DATE

The Professional Standards Council does not have any favourable or unfavourable events occurring between the reporting date and the date when the financial report is authorised for issue.

Professional Standards Council
Notes to the Financial Statements
for the year ended 30 June 2022

SECTION 5 OTHER INFORMATION
--

E1 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

Details of Key Management Personnel

The Council's responsible Minister is identified as part of the Council's KMP, consistent with additional guidance included in the revised version of AASB124 *Related Party Disclosures*. The Minister is the Attorney-General and Minister for Justice, Minister for Women and Minister for the Prevention of Domestic and Family Violence.

KMP Remuneration Policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The Council does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

In accordance with the *Professional Standards Agreement 2011*, the remuneration for the Professional Standards Councils members is set by the NSW government in line with NSW guidelines. In accordance with the *Inter-Departmental Service Agreement*, the NSW government manages payroll processing for the eight national Professional Standards Councils. Total remuneration, including superannuation for the Councils' key management personnel was \$273,786 (2021: \$266,496), the Council is required to fund 8.22% or \$22,505 (2021: 8.63% or \$22,999) of total key management personnel remuneration. This expense is included in Secretariat support (Note B2-1).

No KMP remuneration packages provide for performance or bonus payments.

E2 RELATED PARTY TRANSACTIONS

No transactions with related parties have materially affected the Council's operating result or financial position.

Professional Standards Council
Notes to the Financial Statements
for the year ended 30 June 2022

E3 NEW AND REVISED ACCOUNTING STANDARDS

One new accounting standard was applied for the first time in 2021-22: AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

AASB 1060 introduces the Simplified Disclosures framework for general purpose financial statements prepared by entities reporting under Tier 2 of the Differential Reporting Framework. This new disclosure framework applies to the Council, however the disclosures remain the same as 2020-21 with no amendments required.

The new accounting standard does not change any recognition or measurement requirements, and the Council's financial statements continue to comply with the recognition and measurement requirements of all applicable accounting standards and interpretations.

The Council did not voluntarily change any of its accounting policies during 2021-22.

The Council is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury. Consequently, the Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The Council applies standards and interpretations in accordance with their respective commencement dates.

E4 TAXATION

The Council is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). Where applicable, FBT and GST are the only taxes accounted for by the Council.

Professional Standards Council
Management Certificate
for the year ended 30 June 2022

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), s.39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

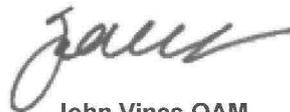
- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Professional Standards Council for the financial year ended 30 June 2022 and of the financial position of the Council at the end of that year; and

We acknowledge responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Paula Werner CPA
Acting Executive Director, Financial Services
Department of Justice and Attorney-General



John Vines OAM
Chairperson
Professional Standards Council

26 August 2022

INDEPENDENT AUDITOR'S REPORT

To the Council Members of the Professional Standards Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Professional Standards Council (the entity).

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2022, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards – Simplified Disclosures.

The financial report comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Entity for the financial report

The Council Members are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards – Simplified Disclosures, and for such internal control as the Council Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Council Members are also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.



31 August 2022

Michelle Reardon
as delegate of the Auditor-General

Queensland Audit Office
Brisbane



Queensland Government

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