



**Professional  
Standards Council of  
South Australia**  
Financial statements  
for the year ended  
30 June 2019

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# Certification of the Financial Statements

for the year ended 30 June 2019

We certify that the attached general purpose financial statements for the Professional Standards Council:

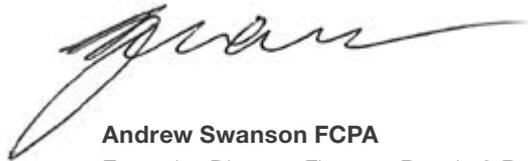
- › comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards
- › are in accordance with the accounts and records of the Professional Standards Council
- › present a true and fair view of the financial position of the Professional Standards Council as at 30 June 2019 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Professional Standards Council for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



**Caroline Mealor**

Chief Executive  
Attorney-General's Department  
23 October 2019



**Andrew Swanson FCPA**

Executive Director, Finance, People & Performance  
Attorney-General's Department  
23 October 2019



**John Vines OAM**

The Chair  
29 October 2019

# Statement of Comprehensive Income

for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Expenses</b>			
Administration	3.1	187	184
<b>Total expenses</b>		<b>187</b>	<b>184</b>
<b>Income</b>			
Regulatory fees	4.1	186	190
<b>Total income</b>		<b>186</b>	<b>190</b>
<b>Net result</b>		<b>(1)</b>	<b>6</b>
<b>Total comprehensive result</b>		<b>(1)</b>	<b>6</b>

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

# Statement of Financial Position

as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Current assets</b>			
Cash and cash equivalents	5.1	218	215
Receivables	5.2	4	4
<b>Total current assets</b>		<b>222</b>	<b>219</b>
<b>Total assets</b>		<b>222</b>	<b>219</b>
<b>Current liabilities</b>			
Payables	6.1	63	58
Other liabilities	6.2	26	27
<b>Total current liabilities</b>		<b>89</b>	<b>85</b>
<b>Total liabilities</b>		<b>89</b>	<b>85</b>
<b>Net assets</b>		<b>133</b>	<b>134</b>
<b>Equity</b>			
Retained earnings		133	134
<b>Total equity</b>		<b>133</b>	<b>134</b>
Unrecognised contractual commitments	8.1		
Contingent assets and liabilities	8.2		

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

# Statement of Changes in Equity

for the year ended 30 June 2019

	Retained earnings \$'000	Total equity \$'000
<b>Balance at 30 June 2017</b>	<b>128</b>	<b>128</b>
Total comprehensive result for 2017–18	6	6
<b>Balance at 30 June 2018</b>	<b>134</b>	<b>134</b>
Total comprehensive result for 2018–19	(1)	(1)
<b>Balance at 30 June 2019</b>	<b>133</b>	<b>133</b>

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

# Statement of Cash Flows

for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<b>Cash outflows</b>			
Administration		(182)	(171)
<b>Cash used in operations</b>		<b>(182)</b>	<b>(171)</b>
<b>Cash inflows</b>			
Regulatory fees		185	185
<b>Cash generated from operations</b>		<b>185</b>	<b>185</b>
<b>Net cash provided by / (used in) operating activities</b>		<b>3</b>	<b>14</b>
Net increase / (decrease) in cash and cash equivalents		3	14
Cash and cash equivalents at the beginning of the reporting period		215	201
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>5.1</b>	<b>218</b>	<b>215</b>

The accompanying notes form part of these financial statements.

# Notes to and forming part of the financial statements

for the year ended 30 June 2019

## 1. About the Professional Standards Council

The Professional Standards Council (the Council) was established under the *Professional Standards Act 2004* (the Act) and is a not-for-profit entity. The financial statements of the Council include income, expenses, assets and liabilities which the Attorney-General's Department administers on behalf of the SA Government.

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 11 members, who are nominated and appointed pursuant to the Professional Standards Agreement 2011.

### 1.1 BASIS OF PREPARATION

The financial statements are general purpose financial statements prepared in compliance with:

- › Section 23 of the *Public Finance and Audit Act 1987*;
- › Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- › Relevant Australian Accounting Standards with reduced disclosure requirements.

For the 2018–19 financial statements the Council adopted AASB 9 – Financial Instruments and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. Further information is provided in note 7.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses assets, receivables, payables and commitments are recognised net of the amount of GST.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

## 1.2 OBJECTIVES OF THE PROFESSIONAL STANDARDS COUNCIL

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

### 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.

## The Professional Standards Council

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 46 of the Act, and are in summary:

- › to advise the Minister about publications 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
- › 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.

## 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 Schemes application for approval, amendments or revocation
- › an annual fee of \$50 for each member of occupational associations participating in a Professional Standards Scheme
- › simple interest at the rate of 0.05% per day is payable by the Professional Standards Scheme holders on the outstanding balance of annual fees until the balance is paid.

## 2. Board, committees and employees

### 2.1 KEY MANAGEMENT PERSONNEL

Key management personnel of the Council include the eleven Professional Standards Council members who have responsibility for the strategic direction and management of the Council in South Australia and all other states and territories of Australia.

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 Services Agreement (2016), the NSW government manages payroll processing for the eight national Professional Standards Councils. Total compensation for the Council's key management personnel was \$272 591 (2018: \$52 879).

In accordance with the Inter-Departmental Services Agreement (2016), the Council is required to fund 4.47% or \$12 852 (2018: 5.00% or \$2 644) of key management personnel compensation. This amount is included in total administration expenses.

### Transactions with key management personnel and other related parties

There were no transactions with key management personnel and other related parties in 2018 and 2019.

### 3. Expenses

#### 3.1 ADMINISTRATION EXPENSES

	2019 \$'000	2018 \$'000
Administration expenses	187	184
<b>Total administration expenses</b>	<b>187</b>	<b>184</b>

Expenses represent secretariat support provided by the New South Wales Department of Finance, Services and Innovation. The total cost of secretariat support proportionately shared among the eight Councils is determined by the percentage of revenue each Council has received. The Council's share of national expenditure for 2019 is 4.47% (2018: 5.00%).

Secretariat support includes employment, information technology, communications and maintenance of the Councils' website, occupancy, strategic and national items, other operating costs and depreciation and amortisation of assets solely procured for the eight national Councils and held by NSW Department of Finance, Services and Innovation.

### 4. Income

#### 4.1 REGULATORY FEES

	2019 \$'000	2018 \$'000
Chartered Accountants Australia and New Zealand	101	104
Law Society of South Australia	74	69
South Australian Bar Association	11	17
<b>Total regulatory fees</b>	<b>186</b>	<b>190</b>

Annual fees are apportioned over the relevant scheme year. A proportion of annual fees collected are deferred to the next financial year with the balance recognised as unearned revenue in the current financial year.

### 5. Financial assets

#### 5.1 CASH AND CASH EQUIVALENTS

	2019 \$'000	2018 \$'000
Deposits with the Treasurer	218	215
<b>Total cash and cash equivalents</b>	<b>218</b>	<b>215</b>

Cash is measured at nominal value. The Council does not earn interest on its deposits with the Treasurer.

#### 5.2 RECEIVABLES

	2019 \$'000	2018 \$'000
<b>Current</b>		
Annual fees receivable	4	4
<b>Total current receivables</b>	<b>4</b>	<b>4</b>
<b>Total receivables</b>	<b>4</b>	<b>4</b>

Receivables arise from the statutory obligation of occupational associations with Schemes in force, per the *Professional Standards Regulations 2006*. If any part of the annual fee is not paid within 30 days after it is due, simple interest at the rate of 0.05% per day is payable to the Council on the outstanding balance until the balance is paid.

## 6. Liabilities

### 6.1 PAYABLES

	2019 \$'000	2018 \$'000
<b>Current</b>		
Accrued expenses	63	58
<b>Total current payables</b>	<b>63</b>	<b>58</b>
<b>Total payables</b>	<b>63</b>	<b>58</b>

Payables are measured at nominal amounts.

The Council has one creditor, NSW Department of Finance, Services and Innovation, for which year-end accruals are raised. These obligations are settled within the normal terms of payment of 30 days from invoice date, unless otherwise agreed. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short term nature.

### 6.2 OTHER LIABILITIES

	2019 \$'000	2018 \$'000
<b>Current</b>		
Unearned revenue	26	27
<b>Total other current liabilities</b>	<b>26</b>	<b>27</b>
<b>Total other liabilities</b>	<b>26</b>	<b>27</b>

Annual fees are apportioned over the relevant scheme year. A proportion of annual fees collected are deferred to the next financial year with the balance recognised as unearned revenue in the current financial year.

## 7. Changes in accounting policy

### 7.1 TREASURER'S INSTRUCTIONS (ACCOUNTING POLICY STATEMENT)

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The *Accounting Policy Statements* replaced the following *Accounting Policy Frameworks*:

- › Purpose and Scope
- › General Purpose Financial Statements Framework
- › Asset Accounting Framework
- › Financial Asset and Liability Framework
- › Income Framework
- › Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis.

These changes, however, do not impact on the amounts reported in the financial statements.

### 7.2 AASB 9 FINANCIAL INSTRUMENTS

*AASB 9 Financial Instruments* replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 has not had an effect on the recognition, measurement or classification of financial assets and liabilities. All financial assets and liabilities are measured at amortised cost.

## 8. Outlook

### 8.1 UNRECOGNISED CONTRACTUAL COMMITMENTS

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

#### Expenditure commitments – Administration

Administration expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2019 \$'000	2018 \$'000
Within one year	16	35
Later than one year but not longer than five years	-	31
Later than five years	-	2
<b>Total other commitments</b>	<b>16</b>	<b>68</b>

The commitments recorded above are estimated values for known outgoing. Per the Inter-Departmental Services Agreement (2016), the Council is liable for a portion of the total cost (with the balance being borne by the other seven jurisdictions). However, that portion is not known with precision at reporting date. It is dependent on the Council's portion of total revenue compared to the total of all eight jurisdictions.

### 8.2 CONTINGENT ASSETS AND LIABILITIES

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The Council has no contingent assets or liabilities in 2018 and 2019.

### 8.3 EVENTS AFTER REPORTING PERIOD

There are no known events after balance date that affects these financial statements.

## 9. Measurement and risk

### 9.1 FINANCIAL INSTRUMENTS

#### Financial risk management

The Council's main financial risks include credit risk and liquidity risk. The Council manages these financial risks in accordance with its financial risk management policy.

The Council uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the financial risk management committee of the Council.

There has been no material change to the Council's credit risk profile in 2018–19 with all financial assets being held by the Commonwealth bank.

#### Liquidity risk

The activities and operations of the Council are self-funding from regulated fees paid under the professional standards legislation. The Council's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The State Government of New South Wales, through the Department of Finance, Services and Innovation is the Council's only creditor, thereby minimising liquidity risk.

## **Credit risk**

Associations are responsible for self-calculating amounts due at the time of sale or delivery (that is, regulated timings and regulated prices) per *Professional Standards Regulations 2006*. Where Associations do not provide data for this liability to be estimated (per *Professional Standards Regulations 2006*) historical and trend data is used by the Council to estimate this liability. No such estimates were required during this reporting period.

Allowances for impairment of financial assets are calculated on past experience and factors relevant when the debt becomes overdue. Currently the Council does not hold any collateral security for any of its financial assets.

## **Categorisation of financial instruments**

Details of significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset and financial liability are disclosed in the respective notes.

### ***Financial assets***

Cash and receivables are recorded at carrying amount which approximates fair value.

The Council's cash is held in trust by the SA Government.

### ***Financial liabilities***

Payables are recorded at carrying amount which approximates fair value.

The carrying amounts of each of the following categories of financial assets and liabilities are detailed below.

Category of financial asset and financial liability	Notes	Carrying amount / fair value \$'000	2019 Contractual maturities		
			Within 1 year \$'000	1–5 years \$'000	More than 5 years \$'000
<b>Financial assets</b>					
<b>Cash and cash equivalents</b>					
Cash and cash equivalents	5.1	218	218	-	-
<b>Financial assets at amortised cost</b>					
Receivables	5.2	4	4	-	-
<b>Total financial assets</b>		<b>222</b>	<b>222</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>					
<b>Financial liabilities at amortised cost</b>					
Payables	6.1	63	63	-	-
<b>Total financial liabilities</b>		<b>63</b>	<b>63</b>	<b>-</b>	<b>-</b>

Category of financial asset and financial liability	Notes	Carrying amount / fair value \$'000	2018 Contractual maturities		
			Within 1 year \$'000	1–5 years \$'000	More than 5 years \$'000
<b>Financial assets</b>					
<b>Cash and cash equivalents</b>					
Cash and cash equivalents	5.1	215	215	-	-
<b>Loans and receivables</b>					
Receivables	5.2	4	4	-	-
<b>Total financial assets</b>		<b>219</b>	<b>219</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>					
<b>Financial liabilities at amortised cost</b>					
Payables	6.1	58	58	-	-
<b>Total financial liabilities</b>		<b>58</b>	<b>58</b>	<b>-</b>	<b>-</b>

Receivables and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore, in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

## INDEPENDENT AUDITOR'S REPORT



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Auditor-General's Department

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### To the Chair Professional Standards Council

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Professional Standards Council for the financial year ended 30 June 2019.

### Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Professional Standards Council as at 30 June 2019, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair of the Professional Standards Council, the Chief Executive Attorney-General's Department and the Executive Director Finance, People and Performance Attorney-General's Department.

### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and 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 Professional Standards Council. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* have been met.

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

### **Responsibilities of the Professional Standards Council for the financial report**

The members of the Professional Standards Council are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibilities for the audit of the financial report**

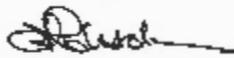
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the 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 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, but not for the purpose of expressing an opinion on the effectiveness of the Professional Standards Council internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members of the Professional Standards Council
- 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.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the members of the Professional Standards Council about, 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 the audit.



Andrew Richardson  
**Auditor-General**  
5 November 2019



## Government of South Australia

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South Australia.

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Published in October 2019 by the Professional Standards Council of South Australia.



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