

State Procurement Board

Financial report
for the year ended
30 June 2020



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To the Presiding Member State Procurement Board

Opinion

I have audited the financial report of the State Procurement Board for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the State Procurement Board as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with relevant 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 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member and the Director, Financial Services, Organisation and Governance, Department of Treasury and Finance.

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 State Procurement Board. 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* (including Independence Standards) have been met.

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

Responsibilities of the Director, Financial Services, Organisation and Governance and the Board for the financial report

The Director, Financial Services, Organisation and Governance is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant 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.

The Board is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 22 of the *State Procurement Act 2004*, I have audited the financial report of the State Procurement Board for the financial year ended 30 June 2020.

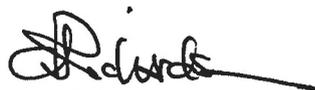
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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 State Procurement Board's internal controls
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director, Financial Services, Organisation and Governance
- 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 Director, Financial Services, Organisation and Governance and the Presiding Member 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.

A handwritten signature in black ink, appearing to read 'A Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

25 September 2020

State Procurement Board

Financial Statements

for the year ended 30 June 2020

State Procurement Board
Certification of the Financial Statements
for the year ended 30 June 2020

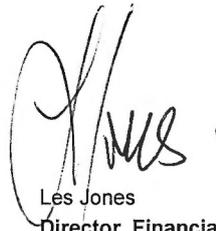
We certify that the general purpose financial statements for the State Procurement Board:

- 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 State Procurement Board; and
- present a true and fair view of the financial position of the State Procurement Board as at 30 June 2020 and the results of its operation and cash flows for the financial year.

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



Nicolle Rantanen
Presiding Member
25th September 2020



Les Jones
Director, Financial Services, Organisation and
Governance
Department of Treasury and Finance
25 September 2020

State Procurement Board
Statement of Comprehensive Income
for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Intra-government transfers	2.1	349	347
Fees and charges	2.2	6	19
Resources received free of charge	2.3	1	-
Total income		<u>356</u>	<u>366</u>
Expenses			
Employee benefits expenses	3.3	17	28
Supplies and services	4.1	275	136
Total expenses		<u>292</u>	<u>164</u>
Net result		<u>64</u>	<u>202</u>
Total comprehensive result		<u>64</u>	<u>202</u>

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

State Procurement Board
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	5.1	1 321	1 197
Total current assets		<u>1 321</u>	<u>1 197</u>
Total assets		<u>1 321</u>	<u>1 197</u>
Current liabilities			
Payables	6.1	60	-
Total current liabilities		<u>60</u>	<u>-</u>
Total liabilities		<u>60</u>	<u>-</u>
Net assets		<u>1 261</u>	<u>1 197</u>
Equity			
Retained earnings		1 261	1 197
Total equity		<u>1 261</u>	<u>1 197</u>

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

State Procurement Board
Statement of Changes in Equity
for the year ended 30 June 2020

	Retained earnings	Total equity
	\$'000	\$'000
Balance at 30 June 2018	995	995
Net result for 2018-19	202	202
Total comprehensive result for 2018-19	202	202
Balance at 30 June 2019	1 197	1 197
Net result for 2019-20	64	64
Total comprehensive result for 2019-20	64	64
Balance at 30 June 2020	1 261	1 261

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

State Procurement Board
Statement of Cash Flows
for the year ended 30 June 2020

		2020	2019
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Intra-government transfers		349	347
Fees and charges		6	19
Cash generated from operations		<u>355</u>	<u>366</u>
Cash outflows			
Employee benefit payments		(17)	(28)
Payments for supplies and services		(214)	(216)
Cash used in operations		<u>(231)</u>	<u>(244)</u>
Net cash provided by / (used in) operating activities		<u>124</u>	<u>122</u>
Net increase / (decrease) in cash and cash equivalents		<u>124</u>	<u>122</u>
Cash and cash equivalents at the beginning of the period		1 197	1 075
Cash and cash equivalents at the end of the period	5.1	<u>1 321</u>	<u>1 197</u>

The accompanying notes form part of these financial statements.

State Procurement Board

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1. About the State Procurement Board

The Board is a body corporate established by statute. Its financial arrangements are administered, but not controlled, by the Department of Treasury and Finance.

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 (PFAA)*;
- 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 2019-20 financial statement the Board adopted AASB 15 – *Revenue from Contracts with Customers*, AASB 16 – *Leases* and AASB 1058 – *Income of Not-for-Profit Entities*. 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 and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

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 and programs

The State Procurement Board (the Board) was established under the *State Procurement Act 2004* (the Act). The Act states the Board is the same body corporate as the State Supply Board established under the *State Supply Act 1985*.

Under the Act, the Board must have regard and seek to further the object of the Act by advancing government priorities and objectives by a system of procurement for public authorities directed towards:

- obtaining value for money in the expenditure of Government funds
- providing for ethical and fair treatment of participants
- ensuring probity, accountability and transparency in procurement operations.

The Board is serviced for administrative and financial functions, together with strategic and managerial support by the Department of Treasury and Finance (DTF) and Shared Services SA.

1.3. Impact of COVID-19 pandemic on the Board

The COVID-19 pandemic has had no material impact on the operations of the Board.

In 2020, the Board implemented a "COVID-19 Major Emergency Procurement Policy" to support public authorities' urgent procurement response to the pandemic. The policy was in effect from 1 April 2020 to 30 June 2020, and is currently suspended.

State Procurement Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2. Income

2.1. Intra-government transfers

	2020	2019
	\$'000	\$'000
Intra-government transfers	349	347
Total Intra-government transfers	349	347

Intra-government transfers are recognised as revenues when the Board obtains control over the funding. Control over transfers is normally obtained upon receipt.

2.2. Fees and charges

	2020	2019
	\$'000	\$'000
Other fees and charges	6	19
Total fees and charges	6	19

The Board receives fees for training delivered to public authority personnel under its Capability Development Program.

2.3. Resources received free of charge

	2020	2019
	\$'000	\$'000
Services received free of charge – Shared Services SA	1	-
Total resources received free of charge	1	-

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the Board includes the Treasurer and the Board's members who have responsibility for the strategic direction and management of the Board.

The Treasurer's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively are payable from the Consolidated Account (via DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

Transaction with key management personnel and other related parties

There were no significant related party transactions identified.

State Procurement Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.2. Board and committee members

Board members during the 2020 financial year were:

State Procurement Board

Nicolle Rantanen - Presiding Member* (appointed 11/04/2016)

Kelly Tattersall* (appointed 20/12/2019)

Judith Formston* (appointed 10/10/2019)

David Henchcliffe (re-appointed 14/11/2019)

Jamin Woolcock* (re-appointed 10/10/2019)

Caroline Croser-Barlow* (resigned 10/10/2019)

Jackie Bray* (re-appointed 31/10/2019)

* In accordance with the Department of Premier and Cabinet Circular Number 016, SA Government employees did not receive any remuneration for board/committee duties during the financial year.

Procurement Approvals Committee

Members as above on a rotational basis.

Board and committee remuneration

The number of members whose remuneration received or receivable falls within the following bands:

	2020	2019
\$0 - \$19,999	7	9
Total number of board members	7	9

The total remuneration received or receivable by members was \$16 500 (2019: \$27 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

The number of employees who received remuneration during the reporting period was 1 (3).

3.3. Employee benefits expenses

	2020	2019
	\$'000	\$'000
Board and committee fees	15	25
Employment on-costs - superannuation	1	2
Employment on-costs - other	1	1
Total employee benefits expenses	17	28

Employment on-costs – superannuation

The superannuation employment on-cost charge represents the Board's contributions to superannuation plans in respect of current services of current employees.

State Procurement Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4. Expenses

4.1. Supplies and services

	2020	2019
	\$'000	\$'000
Professional fees	19	70
Information technology and communication charges	41	4
Training and development	12	-
General administration and consumables	12	-
Consultants	24	58
Contractors and temporary staff	154	-
Other	13	4
Total supplies and services	275	136

Consultants

The number of consultancies and the dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following bands:

	2020	2020	2019	2019
	\$'000	Number	\$'000	Number
Below \$10 000	-	-	1	2
\$10 000 or above	24	1	2	56
Total	24	1	3	58

Accommodation

The Board's accommodation is provided by the Department of Planning, Transport and Infrastructure under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. MoAA do not meet the definition of lease set out in AASB 16.

5. Financial assets

5.1. Cash

	2020	2019
	\$'000	\$'000
Deposits with the Treasurer		
State Procurement Board Operating Account	1 321	1 197
Total cash and cash equivalents	1 321	1 197

Deposits with the Treasurer

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit account must be used in accordance with their approved purpose.

The Board has one deposit account with the Treasurer and the Board does not earn interest on its deposits with the Treasurer.

State Procurement Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6. Liabilities

6.1. Payables

	2020	2019
	\$'000	\$'000
Current		
Accrued expenses	60	-
Total current payables	<u>60</u>	<u>-</u>
Total payables	<u>60</u>	<u>-</u>

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

7. Changes in accounting policy

7.1. AASB 16 Lease

AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 *Leases* replaces AASB 117 *Leases* and related interpretations.

The adoption of AASB 16 *Leases* from 1 July 2019 resulted adjustments to the amounts recognised from a lessee perspective in the financial statements:

- AASB 117 *Leases* only required the recognition of an asset and lease liability in relation to finance leases. AASB 16 *Leases* applies a comprehensive model to all leases. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position.
- AASB 117 *Leases* resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 *Leases* largely replaces this with depreciation expenses that represents the use of the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

The Board's accommodation is provided by the Department of Planning, Transport and Infrastructure under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. MoAA do not meet the definition of lease set out in AASB 16.

7.2. AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

AASB 15 supersedes AASB 111 *Construction contracts*, AASB 118 *Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

Impact on retained earnings

There was no impact on retained earnings.

State Procurement Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

7.3. AASB 1058 Income of Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in AASB 1004 Contributions, AASB 118 Revenue and AASB 111 Construction Contracts. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

Accounting policies on transition

On transition, there was no impact on retained earnings.

7.4. Presentation of Financial Statements

Treasurer's Instructions (Accounting Policy Statements) issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the Board. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

8. Outlook

8.1. Unrecognised contractual commitments

There are no unrecognised contractual commitments as at 30 June 2020.

8.2. Contingent assets and contingent liabilities

The Board is not aware of any contingent assets or liabilities.

8.3. COVID-19 pandemic outlook for the Board

The Board does not expect any material impact on its operations in 2020-21.

8.4. Events after the reporting period

The SA Government has approved that the State Procurement Board be abolished, subject to the passage of legislation through Parliament. It is anticipated that the Board will be dissolved in the 2020-21 financial year.