

Auditor-General's Department

Financial report
for the year ended
30 June 2018

AUDITOR-GENERAL'S DEPARTMENT**INDEPENDENT AUDITOR'S REPORT
TO THE TREASURER OF THE SOUTH AUSTRALIAN GOVERNMENT*****Opinion***

We have audited the accompanying financial report of the Auditor-General's Department ('the Department'), which comprises the Statement of Financial Position and Statement of Administered Financial Position as at 30 June 2018, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows, Statement of Administered Comprehensive Income, Statement of Administered Changes in Equity and Statement of Administered Cash Flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory notes and the Certification of the Financial Report by the Auditor-General and the Manager, Finance.

In our opinion, the accompanying financial report of the Department is in accordance with the *Public Finance and Audit Act 1987*; including:

- i) the financial report presents fairly, in all material respects, the financial position of the Department, as at 30 June 2018, and of its financial performance and cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards (including the Australian Accounting Interpretations);
- ii) the financial report also complies with the accounts and records of the Department; and
- iii) the internal controls employed by the Department for the financial year ended 30 June 2018 over its financial reporting and the preparation of the financial statements are effective.

We have obtained all of the information and explanations required from the Department.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Department in accordance with the ethical requirements of the *Public Finance and Audit Act 1987* and 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AUDITOR-GENERAL'S DEPARTMENT**INDEPENDENT AUDITOR'S REPORT
TO THE TREASURER OF THE SOUTH AUSTRALIAN GOVERNMENT (CONT)*****Other information***

The Auditor-General is responsible for the other information. The other information comprises the information in the Department's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Auditor-General's responsibility for the financial report

The Auditor-General is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with the Treasurers Instructions promulgated under the *Public Finance and Audit Act 1987* and Australian Accounting Standards (including Australian Accounting Interpretations) and for such internal control as the Auditor-General determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Auditor-General is responsible for assessing the Department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibility for the audit of the financial report

Our 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 our 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

AUDITOR-GENERAL'S DEPARTMENT**INDEPENDENT AUDITOR'S REPORT
TO THE TREASURER OF THE SOUTH AUSTRALIAN GOVERNMENT (CONT)*****Auditor's responsibility for the audit of the financial report (cont)***

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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 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 Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Auditor-General.
- Conclude on the appropriateness of the Auditor-General'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 Department's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Department 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.

We communicate with the Auditor-General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Nexia Edwards Marshall
Chartered Accountants



Jamie Dreckow
Partner

Adelaide
South Australia

12 September 2018

Certification of the Financial Report

We certify that the:

- financial statements:
 - are in accordance with the accounts and records of the Department; and
 - comply with relevant Treasurer's Instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Department at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Department over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Andrew Richardson
Auditor-General

12 September 2018



Megan Stint
Manager, Finance

12 September 2018

Auditor-General's Department

Statement of Comprehensive Income for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses:			
Employee expenses	2	12 844	12 174
Supplies and services:			
Contractors		1 483	1 359
Office accommodation and service costs		723	683
Consultancies		296	264
Other supplies and services	5	1 317	1 303
		<u>3 819</u>	<u>3 609</u>
Depreciation and amortisation		231	254
Total expenses		<u>16 894</u>	<u>16 037</u>
Income:			
Services received free of charge	6	65	-
Other income		1	1
Total income		<u>66</u>	<u>1</u>
Net cost of providing services		<u>16 828</u>	<u>16 036</u>
Revenues from (Payments to) SA Government:			
Appropriations and contingency provision grant	7	17 270	16 966
Return of surplus cash	7	(1 000)	-
Total revenues from (payments to) SA Government		<u>16 270</u>	<u>16 966</u>
Net result		<u>(558)</u>	<u>930</u>
Total comprehensive result		<u>(558)</u>	<u>930</u>

Net result and total comprehensive result are attributable to the SA Government as owner

**Statement of Financial Position
as at 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Current assets:			
Cash and cash equivalents	8	5 498	5 828
Receivables	9	158	135
Total current assets		<u>5 656</u>	<u>5 963</u>
Non-current assets:			
Computing and office facilities	10	316	311
Intangible assets	10	8	25
Total non-current assets		<u>324</u>	<u>336</u>
Total assets		<u>5 980</u>	<u>6 299</u>
Current liabilities:			
Payables	11	369	389
Employee benefits	3	1 650	1 611
Provision for workers compensation	4	20	33
Total current liabilities		<u>2 039</u>	<u>2 033</u>
Non-current liabilities:			
Payables	11	329	307
Employee benefits	3	3 264	3 009
Provision for workers compensation	4	29	73
Total non-current liabilities		<u>3 622</u>	<u>3 389</u>
Total liabilities		<u>5 661</u>	<u>5 422</u>
Net assets		<u>319</u>	<u>877</u>
Equity:			
Retained earnings		319	877
Total equity		<u>319</u>	<u>877</u>

Total equity is attributable to the SA Government as owner

Commitments 12

Statement of Changes in Equity for the year ended 30 June 2018

	Retained earnings \$'000	Total \$'000
Balance at 1 July 2016	(53)	(53)
Total comprehensive result for the year 2016-17	930	930
Balance at 30 June 2017	877	877
Total comprehensive result for the year 2017-18	(558)	(558)
Balance at 30 June 2018	319	319

All changes in equity are attributable to the SA Government as owner

Statement of Cash Flows for the year ended 30 June 2018

	2018 Inflows (Outflows) \$'000	2017 Inflows (Outflows) \$'000
Cash flows from operating activities:		
Cash outflows:		
Employee expenses	(12 568)	(11 921)
Supplies and services	(4 170)	(4 171)
Payments for Paid Parental Leave Scheme	(88)	(54)
Cash inflows:		
Other income	1	1
Goods and services tax refunds from Australian Taxation Office	356	396
Receipts for Paid Parental Leave Scheme	88	57
Cash flows from (to) SA Government:		
Appropriations and contingency provision grant	17 270	16 966
Return of surplus cash	(1 000)	-
Net cash provided by (used in) operating activities	(111)	1 274
Cash flows from investing activities:		
Cash outflows:		
Purchase of computing and office facilities	(219)	(213)
Purchase of intangible assets	-	(3)
Net cash provided by (used in) investing activities	(219)	(216)
Net increase (decrease) in cash and cash equivalents	(330)	1 058
Cash and cash equivalents at 1 July	5 828	4 770
Cash and cash equivalents at 30 June	5 498	5 828

Notes to and forming part of the financial statements

1. Objectives of the Auditor-General's Department (the Department)

The Department is an administrative unit of the public service established under the *Public Finance and Audit Act 1987* (PFAA). It is a wholly owned and controlled entity of the Crown. Accordingly, all government-related entities are related parties of the Department.

The Department's main statutory responsibilities are to audit and examine the activities of State and Local Government agencies and to report the results to Parliament as required by the PFAA.

Controlled

The Department's sole activity is the provision of auditing services covering the various audit and examination responsibilities prescribed under the PFAA. Within this activity class there are two sub-activities:

Prescribed audits

Includes all audit and examination work for State and Local Government agencies initiated and undertaken by the Auditor-General under the PFAA. During the year the Department spent \$16.6 million (\$16.04 million) on this activity. The main component of work relates to the annual statutory audit of State public sector agencies.

Special investigations

Under the PFAA, the Parliament, Treasurer, a Minister or the Independent Commissioner Against Corruption can require the Auditor-General to undertake certain examinations and report these to Parliament. A request was received in May 2017 which resulted in some expenditure being incurred in 2016-17. These costs were absorbed as part of our prescribed audits expenditure. In 2017-18 the Department spent \$292 000 on special investigations.

Administered

We also administer certain activities on behalf of the SA Government but do not control the related income, expenses, assets or liabilities. These comprise the following two activities:

Receiving and passing on auditing fees

We charge fees for our audits as permitted by section 39 of the PFAA, but do not retain these fees. We transfer audit fees less GST, into the Government's Consolidated Account as they are received.

Administering special acts

Section 24(4) of the PFAA provides that the salary and allowances of the Auditor-General, as determined by the Governor, will be paid from the Government's Consolidated Account. The Auditor-General's remuneration, and recoveries from the Consolidated Account for it, are reported as administered items.

2. Employee expenses	2018	2017
Employee benefits:	\$'000	\$'000
Salaries	9 769	9 356
Annual leave	942	864
Long service leave	365	168
Skills and experience retention leave	55	54
Total employee benefits	11 131	10 442
Employee on-costs:		
Superannuation	1 141	1 079
Payroll tax	626	592
Total employee on-costs	1 767	1 671
Workers compensation	(54)	61
Total employee expenses	12 844	12 174

2.1 Remuneration of employees

	Executive		Staff	
	2018 Number	2017 Number	2018 Number	2017 Number
The number of employees whose normal remuneration is equal to or greater than the base executive remuneration level during the year are grouped within the following bands:				
\$149 001 - \$159 000	-	-	1	1
\$179 001 - \$189 000	4	4	-	-
\$219 001 - \$229 000	1	1	-	-
\$229 001 - \$239 000	-	1	-	-
\$249 001 - \$259 000	1	-	-	-
\$379 001 - \$389 000	-	1	-	-
\$389 001 - \$399 000	1	-	-	-
Total	7	7	1	1

The table includes all employees whose normal remuneration is equal to or greater than the base executive remuneration level of \$149 404. Total remuneration received or receivable by these employees was \$1.78 million (\$1.73 million).

The employee remuneration figures detailed above include employee remuneration recorded in both the Department's financial statements and in the administered financial statements of the Department.

2.2 *Key management personnel*

The key management personnel of the Department are the Auditor-General, the Deputy Auditor-General and the five Assistant Auditors-General.

Total compensation for the Department's key management personnel was \$1.63 million (\$1.58 million). This includes compensation recorded in both the Department's financial statements and in the administered financial statements.

3. Employee benefits	2018	2017
	\$'000	\$'000
Current:		
Salaries	198	195
Annual leave	1 091	1 008
Long service leave	284	334
Skills and experience retention leave	77	74
Total current	1 650	1 611
Non-current:		
Long service leave	3 264	3 009
Total non-current	3 264	3 009
Total employee benefits	4 914	4 620

Salaries

Liabilities for unpaid salaries for service prior to the reporting date are measured at current pay rates.

Annual leave and skills and experience retention leave

The annual leave liability and the skills and experience retention leave liability are expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid. The salary inflation rate remained at 3% in 2018.

Sick leave

No liability is recognised, as all sick leave is non-vesting and the average sick leave taken is estimated to be less than the annual entitlement for sick leave.

Long service leave

AASB 119 'Employee Benefits' contains the calculation methodology for long service leave liability. An actuarial assessment of long service leave liability has been undertaken by the Department of Treasury and Finance. The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data for SA Government entities. Expected future payments are discounted using government bonds rates with durations that align with estimated future cash flows.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has remained at 2.50% at 30 June 2018.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service liability of \$86 000 and employee benefit expense of \$86 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The long service leave expected to be taken in the 12 months to 30 June 2019 (current long service leave), has been estimated by adding the estimated termination payments in this period to the estimated long service leave to be taken by ongoing employees in the 12 months (based on previous years' experience). The basis of calculation is similar to that used in previous years.

4. Provision for workers compensation	2018	2017
	\$'000	\$'000
Current:		
Provision for workers compensation	20	33
Total current	<u>20</u>	<u>33</u>
Non-current:		
Provision for workers compensation	29	73
Total non-current	<u>29</u>	<u>73</u>
Total provision	<u>49</u>	<u>106</u>
Carrying amount at 1 July	106	53
Increase (Decrease) in provision	(57)	53
Carrying amount at 30 June	<u>49</u>	<u>106</u>

The Department is responsible for the payment of workers compensation claims. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. The workers compensation provision is an actuarial estimate of the outstanding liability at 30 June 2018 provided by a consulting actuary engaged through the Office for the Public Sector.

5. Other supplies and services	2018	2017
	\$'000	\$'000
Computing and network processing costs	527	485
Staff recruitment, development and training	291	255
Other expenses	172	220
Motor vehicles	147	151
Shared Services SA charges	65	67
Fringe benefits tax	62	64
Staff travel, accommodation and allowances	53	61
Total other supplies and services	<u>1 317</u>	<u>1 303</u>
6. Resources received free of charge		
Services received free of charge – Shared Services SA	65	-
Total resources received free of charge	<u>65</u>	<u>-</u>

In 2017-18 the charging of general government sector agencies for standard services provided by Shared Services SA ceased. The Department is now only charged for non-standard services received.

7. **Revenues from (Payments to) government**
 Appropriations to the Department in 2017-18 amounted to \$17.219 million (\$16.966 million) and there was a contingency provision grant of \$51 000 (\$0).

In 2017-18 the Department paid \$1 million to the Consolidated Account for the return of surplus cash in accordance with the principles of the cash alignment policy.

8. Cash and cash equivalents	2018	2017
	\$'000	\$'000
Deposits with the Treasurer:		
Auditor-General's Department Operating Account	3 358	3 769
Accrual Appropriation Excess Funds	2 140	2 059
Total cash and cash equivalents	<u>5 498</u>	<u>5 828</u>
9. Receivables		
Current:		
Goods and services tax	149	124
Other	9	11
Total current	<u>158</u>	<u>135</u>

Assets that are sold, consumed or realised as part of the normal operating cycle have been classified as current.

10. Non-current assets	2018	2017
10.1 <i>Classes of assets</i>	\$'000	\$'000
Computing and office equipment – at cost	747	733
Accumulated depreciation	(658)	(592)
	<u>89</u>	<u>141</u>
Laptop computer equipment – at cost	572	384
Accumulated depreciation	(354)	(232)
	<u>218</u>	<u>152</u>
Leasehold improvements – at cost	786	786
Accumulated depreciation	(777)	(768)
	<u>9</u>	<u>18</u>
Intangible assets – Computer software – at cost	552	552
Accumulated amortisation	(544)	(527)
	<u>8</u>	<u>25</u>
	<u>324</u>	<u>336</u>

10.2 <i>Reconciliation of carrying amount</i>	Carrying amount			Depreciation/ Amortisation	Carrying amount
	01.07.17	Additions	Disposals	\$'000	30.06.18
	\$'000	\$'000	\$'000	\$'000	\$'000
Computing and office equipment	141	31	-	83	89
Laptop computer equipment	152	188	-	122	218
Leasehold improvements	18	-	-	9	9
Computer software	25	-	-	17	8
Total computing and office facilities	<u>336</u>	<u>219</u>	<u>-</u>	<u>231</u>	<u>324</u>

Computing and office facilities are held at fair value as required by the Accounting Policy Statements. We use cost less accumulated depreciation to determine fair value. Intangible assets are held at cost less accumulated amortisation. We only capitalise items greater than \$2000. There are no indications of impairment of our assets.

We depreciate/amortise all assets over three years except laptops which we depreciate over two years. Depreciation and amortisation is on a straight-line basis. All computing and office facilities are classified as level 3 as a key input is management's assessment of the useful life and condition.

11. Payables	2018	2017
Current:	\$'000	\$'000
Employee on-costs	306	291
Creditors	57	74
Accrued expenses	4	22
Paid Parental Leave Scheme payable	2	2
Total current	<u>369</u>	<u>389</u>
Non-current:		
Employee on-costs	329	307
Total non-current	<u>329</u>	<u>307</u>
Total payables	<u>698</u>	<u>696</u>

Employment on-costs

Include payroll tax and superannuation contributions. Superannuation contributions are paid to the South Australian Superannuation Board. The Department does not have any liability for payments to beneficiaries as these have been assumed by the respective superannuation schemes. The superannuation liabilities reported reflect amounts to be paid to the South Australian Superannuation Board.

Other payables

Payables are normally settled within 30 days from the date of the invoice or date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables approximates fair value.

12. Commitments

Operating lease commitments

The Department's leases of office accommodation and motor vehicles are operating leases.

Office accommodation

Office accommodation is leased from the Property Division of the Department of Planning, Transport and Infrastructure. The lease expires on 30 June 2020. The rental amount is based on floor space, with the rental rate reviewable by the Department of Planning, Transport and Infrastructure every two years.

Motor vehicles

Motor vehicles are leased from SAFA through their agent LeasePlan Australia. The vehicles are leased for a specified time period or a specified number of kilometres, whichever occurs first. The lease rate is determined according to the type of vehicle being leased and the number of months of the lease period, and are reviewed annually.

At the reporting date the Department had the following obligations under non-cancellable operating leases (these obligations have not been recognised as liabilities):	2018 \$'000	2017 \$'000
Not later than one year	641	635
Later than one year but not later than five years	621	1 210
Total operating lease commitments as lessee	<u>1 262</u>	<u>1 845</u>

Other contractual commitments

At the reporting date the Department had the following obligations under non-cancellable contracts for audit services (these obligations have not been recognised as liabilities):

Not later than one year	1 000	1 316
Later than one year but not later than five years	236	1 079
Total contractual commitments as lessee	<u>1 236</u>	<u>2 395</u>

13. Significant accounting policies

(a) *Basis of preparation*

The financial statements are general purpose financial statements, prepared in accordance with applicable Australian Accounting Standards – Reduced Disclosure Requirements, and Treasurer's Instructions including Accounting Policy Statements issued under the PFAA. The Accounting Policy Statements require certain disclosures in addition to Australian Accounting Standards.

We have not early-adopted any Australian Accounting Standards or Australian interpretations issued by the Australian Accounting Standards Board.

The Department is a not-for-profit entity for financial reporting purposes.

The historical cost convention is used, unless otherwise stated. This means that assets are recorded at their initial cost and liabilities are valued at the amount initially received in exchange for the obligation.

The administered financial statements have been prepared applying the same accounting policies as for items controlled by the Auditor-General's Department.

(b) *Taxation*

The Department is liable for payroll tax, fringe benefits tax and goods and services tax (GST) but not income tax. 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 it is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables which are stated with the amount of GST included.

Operating cash flows in the Statement of Cash Flows include GST. The GST on investing and financing cash flows are included as operating cash flows.

(c) **Revenues from (Payments to) SA Government**

We are funded by Parliamentary appropriations, paid into a special deposit account titled 'Auditor-General's Department Operating Account'. We are also appropriated for some expenses which will not require a cash payment, such as depreciation. Some appropriations are deposited into a special deposit account at Department of Treasury and Finance titled 'Accrual Appropriation Excess Funds'. Although we control this money, its use must be separately approved by the Treasurer. We do not earn interest on either of these special deposit accounts.

The appropriation for special acts reported in the administered financial statements relates to recoveries from the Government for the Auditor-General's salary.

Other significant accounting policies are described under related notes.

14. Accounting standards issued not yet adopted which will have a material impact on our financial report

AASB 16 'Leases' will apply for the first time to our 30 June 2020 financial report. This standard will require us to recognise all leased items with a term of more than 12 months in the statement of financial position.

The Department enters into leases for office accommodation and fleet vehicles. These operating lease commitments of \$1.26 million are disclosed in note 12.

The Department has quantified the impact of applying AASB 16. Our office accommodation lease expires on 30 June 2020. On the basis that a five year lease with similar terms is entered into by this date, a right-of-use asset and lease liability of around \$2.7 million will be recognised at the commencement of the lease.

The timing and presentation of expenses will also change. Currently lease expenses for accommodation are consistently around \$590 000 each year. Under AASB 16, depreciation expenses and interest expenses will be recognised. In the first year of a five year accommodation lease, these expenses would total approximately \$615 000 (based on an interest rate of 2.5%). Expenses will reduce over the life of the lease as the interest component reduces. In the final year of the lease, expenses would total approximately \$560 000.

For fleet vehicles, a right-of-use asset and lease liability of around \$73 000 will be brought on balance sheet on implementation of AASB 16. Expenses will not vary as significantly, due to multiple cars being leased over a shorter term of three years or less.

15. Financial instruments

	Carrying amount	
	2018	2017
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	5 498	5 828
Receivables*	9	11
Financial liabilities		
Payables	61	96

* Receivables amounts disclosed exclude amounts relating to statutory receivables where rights or obligations have their source in legislation such as the goods and services tax.

16. Budgetary reporting and explanations of major variances

The following provides details of the 2017-18 original budget, actual amounts and the associated variances.

Statement of Comprehensive Income	Original budget	Actual	Variance
	\$'000	\$'000	\$'000
Expenses:			
Employee expenses	13 234	12 844	(390)
Supplies and services:			
Contractors	1 707	1 483	(224)
Office accommodation and service costs	770	723	(47)
Consultancies	144	296	152
Other supplies and services	1 142	1 317	175
Depreciation and amortisation	221	231	10
Total expenses	17 218	16 894	(324)

	Original budget \$'000	Actual \$'000	Variance \$'000
Income:			
Services received free of charge	-	65	65
Other income	1	1	-
Total income	<u>1</u>	<u>66</u>	<u>65</u>
Net cost of providing services	<u>17 217</u>	<u>16 828</u>	<u>(389)</u>
Revenues from (Payments to) SA Government:			
Appropriations and contingency provision grant	17 219	17 270	51
Return of surplus cash	-	(1 000)	(1 000)
Total revenues from (payments to) SA Government	<u>17 219</u>	<u>16 270</u>	<u>(1)(949)</u>
Net result and total comprehensive result	<u>2</u>	<u>(558)</u>	<u>560</u>
Investing expenditure summary:			
Minor capital works and equipment	221	219	(2)
Total annual programs	<u>221</u>	<u>219</u>	<u>(2)</u>

The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2017-18 Budget Paper 4) and the amounts have not been adjusted to reflect revised budgets. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements.

- ⁽¹⁾ The variance in the total revenues from (payments to) SA Government is due to the payment of \$1 million to the Consolidated Account for the return of surplus cash in accordance with the principles of the cash alignment policy.

**Statement of Administered Comprehensive Income
for the year ended 30 June 2018**

	2018	2017
	\$'000	\$'000
Expenses:		
Employee expenses	354	324
Audit fees paid/payable to Consolidated Account	14 847	14 718
Total expenses	<u>15 201</u>	<u>15 042</u>
Income:		
Fees for audit services	14 847	14 718
Appropriation – Special Acts	329	317
Total income	<u>15 176</u>	<u>15 035</u>
Net result	<u>(25)</u>	<u>(7)</u>
Total comprehensive result	<u>(25)</u>	<u>(7)</u>

**Statement of Administered Financial Position
as at 30 June 2018**

	Note	2018	2017
		\$'000	\$'000
Current assets:			
Cash and cash equivalents		237	249
Receivables	A1	340	584
Total assets		<u>577</u>	<u>833</u>
Current liabilities:			
Employee benefits		58	55
Audit fees payable to Consolidated Account		309	532
Goods and services tax payable		93	126
Total current liabilities		<u>460</u>	<u>713</u>
Non-current liabilities:			
Employee benefits – long service leave		347	325
Total non-current liabilities		<u>347</u>	<u>325</u>
Total liabilities		<u>807</u>	<u>1 038</u>
Net assets		<u>(230)</u>	<u>(205)</u>
Equity:			
Retained earnings		(230)	(205)
Total equity		<u>(230)</u>	<u>(205)</u>

**Statement of Administered Changes in Equity
for the year ended 30 June 2018**

	Retained earnings \$'000	Total \$'000
Balance at 1 July 2016	(198)	(198)
Total comprehensive result for the year 2016-17	(7)	(7)
Balance at 30 June 2017	(205)	(205)
Total comprehensive result for the year 2017-18	(25)	(25)
Balance at 30 June 2018	(230)	(230)

**Statement of Administered Cash Flows
for the year ended 30 June 2018**

		2018 Inflows (Outflows) \$'000	2017 Inflows (Outflows) \$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee expenses		(330)	(317)
Amounts paid to Consolidated Account		(15 070)	(14 917)
Goods and services tax paid to Australian Taxation Office		(1 518)	(1 791)
Cash inflows:			
Fees for audit services	A1	16 577	16 371
Cash flows from SA Government:			
Appropriations – Special Acts		329	317
Net cash provided by (used in) operating activities		(12)	(337)
Net increase (decrease) in cash and cash equivalents		(12)	(337)
Cash and cash equivalents at 1 July		249	586
Cash and cash equivalents at 30 June		237	249

Notes to and forming part of the administered financial statements

A1. Receivables	2018	2017
	· \$'000	\$'000
Fees outstanding at 1 July	584	766
Billings	<u>16 333</u>	<u>16 189</u>
Receipts	16 917	16 955
Fees outstanding at 30 June	<u>340</u>	<u>584</u>

In addition, at 30 June, the value of audit work in progress was \$7.73 million (\$7.08 million). We are of the opinion that this amount is recoverable.

A2. Budgetary reporting and explanations of major variances

The following provides details of the 2017-18 original budget, actual amounts and the associated variances. No explanations are provided as the variances do not exceed the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

Statement of Comprehensive Income	Original Budget	Actual	Variance
	\$'000	\$'000	\$'000
Expenses:			
Employee expenses	338	354	16
Amounts paid/payable to Consolidated Account	<u>15 075</u>	<u>14 847</u>	<u>(228)</u>
Total expenses	<u>15 413</u>	<u>15 201</u>	<u>(212)</u>
Income:			
Fees for audit services	15 075	14 847	(228)
Appropriation – Special Acts	<u>326</u>	<u>329</u>	<u>3</u>
Total income	<u>15 401</u>	<u>15 176</u>	<u>(225)</u>
Net result and total comprehensive result	<u>(12)</u>	<u>(25)</u>	<u>13</u>

The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2017-18 Budget Paper 4) and the amounts have not been adjusted to reflect revised budgets. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements.