

# State Procurement Board

Financial report  
for the year ended  
30 June 2018



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## To the Presiding Member State Procurement Board

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 22(2) of the *State Procurement Act 2004*, I have audited the financial report of the State Procurement Board for the financial year ended 30 June 2018.

### Opinion

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 2018, 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 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member and the Acting Director, Financial Services.

### 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 have been met.

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

## **Responsibilities of the Director, Financial Services and the Board for the financial report**

The Director, Financial Services is 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.

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

## **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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- 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 Board 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**

27 September 2018

**State Procurement Board**  
**Certification of the Financial Statement**  
*for the year ended 30 June 2018*

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

- are in accordance with the accounts and records of the State Procurement Board
- comply with relevant Treasurer's instructions
- comply with relevant accounting standards
- present a true and fair view of the financial position of the State Procurement Board at the end of the 30 June 2018 financial year and the results of its operations and cash flows for the financial year.

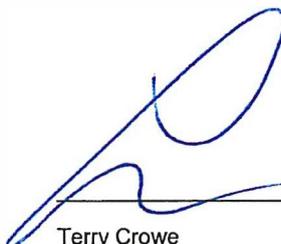
We certify that the internal controls employed by the State Procurement Board over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the financial year.

Signed in accordance with a resolution of the State Procurement Board.



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Nicole Rantanen  
Presiding Member  
27<sup>th</sup> September 2018



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Terry Crowe  
A/Director, Financial Services  
Department of Treasury and Finance  
27 September 2018

# **State Procurement Board**

## **Financial Statements**

For the year ended 30 June 2018

**State Procurement Board**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2018*

	Note	2018 \$'000	2017 \$'000
<b>Expenses</b>			
Employee benefits expenses	3	49	63
Supplies and services	5	204	410
<b>Total expenses</b>		<b>253</b>	<b>473</b>
<b>Income</b>			
Revenues from fees and charges	6	-	70
<b>Total income</b>		<b>-</b>	<b>70</b>
<b>Net cost of providing services</b>		<b>(253)</b>	<b>(403)</b>
<b>Revenues from / (payments to) SA Government</b>			
Revenues from SA Government	7	337	450
<b>Total net revenues from SA Government</b>		<b>337</b>	<b>450</b>
<b>Net result</b>		<b>84</b>	<b>47</b>
<b>Total comprehensive result</b>		<b>84</b>	<b>47</b>

The net result and comprehensive result are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes.

**State Procurement Board**  
**Statement of Financial Position**  
*as at 30 June 2018*

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	Note	2018 \$'000	2017 \$'000
<b>Current assets</b>			
Cash and cash equivalents	8	1 075	956
Receivables	9	-	1
<b>Total current assets</b>		<u>1 075</u>	<u>957</u>
<b>Total assets</b>		<u>1 075</u>	<u>957</u>
<b>Current liabilities</b>			
Payables	10	80	46
<b>Total current liabilities</b>		<u>80</u>	<u>46</u>
<b>Total liabilities</b>		<u>80</u>	<u>46</u>
<b>Net assets</b>		<u>995</u>	<u>911</u>
<b>Equity</b>			
Retained earnings		995	911
<b>Total equity</b>		<u>995</u>	<u>911</u>

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	11
Contingent assets and liabilities	12

The above statement should be read in conjunction with the accompanying notes.

**State Procurement Board**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2018*

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	<b>Retained earnings</b>	<b>Total equity</b>
<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 30 June 2016</b>	864	864
Net result for 2016-17	47	47
<b>Total comprehensive result for 2016-17</b>	<b>47</b>	<b>47</b>
<b>Balance at 30 June 2017</b>	<b>911</b>	<b>911</b>
Net result for 2017-18	84	84
<b>Total comprehensive result for 2017-18</b>	<b>84</b>	<b>84</b>
<b>Balance at 30 June 2018</b>	<b>995</b>	<b>995</b>

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

The above statement should be read in conjunction with the accompanying notes.

**State Procurement Board**  
**Statement of Cash Flows**  
*for the year ended 30 June 2018*

Cash flows from operating activities	Note	2018 \$'000	2017 \$'000
		Inflows (Outflows)	Inflows (Outflows)
<b>Cash outflows</b>			
Employee benefit payments		(49)	(63)
Payments for supplies and services		(170)	(406)
<b>Cash used in operations</b>		<u>(219)</u>	<u>(469)</u>
<b>Cash inflows</b>			
Fees and charges		1	69
<b>Cash generated from operations</b>		<u>1</u>	<u>69</u>
<b>Cash flows from SA Government</b>			
Revenues from SA Government		337	447
<b>Cash generated from SA Government</b>		<u>337</u>	<u>447</u>
<b>Net cash provided by / (used in) operating activities</b>		<u>119</u>	<u>47</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>119</u>	<u>47</u>
Cash and cash equivalents at the beginning of the reporting period		956	909
<b>Cash and cash equivalents at the end of the reporting period</b>	8	<u>1 075</u>	<u>956</u>

The above statement should be read in conjunction with the accompanying notes.

**State Procurement Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**1 Basis of financial statements**

**a) Reporting entity**

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

**b) Statement of compliance**

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987* (PFAA).

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Board has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Board is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2018.

**c) Basis of preparation**

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
  - (a) Board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Board's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared base on a twelve month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2018 and the comparative information presented.

Assets and liabilities are characterised as either current or non-current in nature. The Board has a clearly identifiable operating cycle of twelve months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

**State Procurement Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**1 Basis of financial statements (continued)**

**d) Taxation**

The Board is not subject to Income Tax. The Board is liable for Payroll Tax, Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

DTF prepares the Business Activity Statement on behalf of the Board under the grouping provisions of the GST legislation. Under these provisions, DTF is liable for the payments and entitled to the receipt of GST. As such, GST applicable to the Board forms part of the Statement of Comprehensive Income and Statement of Financial Position of DTF.

**2 Objectives of the State Procurement Board**

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), Public Finance Branch and Shared Services SA.

**3 Employee benefits**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Board fees	43	55
Employment on-costs - superannuation	4	5
Employment on-costs - payroll tax	2	3
<b>Total employee benefits expenses</b>	<b>49</b>	<b>63</b>

The Board has no other employee expenses.

**Key management personnel**

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

For the total compensation of the Board's key management personnel refer to note 4.

The Minister'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*.

**State Procurement Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**4 Remuneration of Board members**

Board members during the 2018 financial year were:

**State Procurement Board**

- N Rantanen\* (Chair)
- J Bray\* (appointed 31 October 2017)
- C Croser-Barlow\*
- A Michaels (appointed 12 December 2017)
- D Henchcliffe
- J Schell\*
- M Smith
- J Woolcock\*
- M McMahon\* (Resigned 21 November 2017)
- D Contala\* (Resigned 30 October 2017)
- D Black (Resigned 07 October 2017)

\* In accordance with the Department of Premier and Cabinet Circular Number 016, SA Government employees did not receive any remuneration for SA Government Board duties during the financial year. The number of members whose remuneration received or receivable falls within the following bands:

The members named above also belong to the Procurement Approval Committee (PAC) and their remuneration is included in note 3.

	<b>2018</b>	<b>2017</b>
\$0 - \$9,999	9	5
\$10,000 - \$19,999	2	2
\$20,000 - \$29,999	-	1
<b>Total number of board members</b>	<b>11</b>	<b>8</b>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$47 000 (2017: \$60 000).

Amounts paid to a superannuation plan for board/committee members was \$4 000 (2017: \$5 000).

Unless otherwise disclosed, transactions with members are on conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

**State Procurement Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

**5 Supplies and services**

	2018	2017
	\$'000	\$'000
Professional fees	200	374
Information technology	3	4
General administration and consumables	-	24
Other	1	8
<b>Total supplies and services</b>	<b>204</b>	<b>410</b>

**6 Revenues from fees and charges**

	2018	2017
	\$'000	\$'000
Other fees and charges	-	70
<b>Total revenue from fees and charges</b>	<b>-</b>	<b>70</b>

**7 Revenues from / (payments to) SA Government**

	2018	2017
	\$'000	\$'000
<b>Revenues from SA Government</b>		
Revenues from SA Government	337	450
<b>Total revenues from SA Government</b>	<b>337</b>	<b>450</b>
<b>Net revenues from SA Government</b>	<b>337</b>	<b>450</b>

**8 Cash and cash equivalents**

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	1 075	956
<b>Total cash and cash equivalents</b>	<b>1 075</b>	<b>956</b>

The Board records all transactions in the Special Deposit Account (SDA). The Board may only utilise the reported balance in the SDA in accordance with its approved Budget or with prior approval of the Treasurer.

The Board's physical cash balance is included within a bank account, namely the DTF Support Operations Account, which comprises of cash balances for several deposit accounts and is managed in accordance with Treasurer's Instruction 6 *Deposit Accounts and Banking*.

Deposits with the Treasurer are non-interest bearing. The carrying amount of cash and cash equivalents represents fair value.

**State Procurement Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**9 Receivables**

	2018	2017
	\$'000	\$'000
<b>Current</b>		
Receivables	-	1
<b>Total current receivables</b>	<u>-</u>	<u>1</u>
<b>Total receivables</b>	<u><u>-</u></u>	<u><u>1</u></u>

**10 Payables**

	2018	2017
	\$'000	\$'000
<b>Current</b>		
Accrued expenses	80	46
<b>Total current payables</b>	<u>80</u>	<u>46</u>
<b>Total payables</b>	<u><u>80</u></u>	<u><u>46</u></u>

Payables include creditors and accrued expenses.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Board.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

**11 Unrecognised contractual commitments**

There are no unrecognised contractual commitments as at 30 June 2018.

**12 Contingent assets and contingent liabilities**

The Board is not aware of any contingent assets or liabilities. In addition, the Board has made no guarantees.

**13 Related party transactions**

The State Procurement Board is established pursuant to the *State Procurement Act 2004*, administered by DTF and is a wholly owned and controlled entity of the Crown.

Related parties of the board include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

**State Procurement Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**14 Events after the reporting period**

There were no events occurring after the end of the reporting period that had a material financial implication on these financial statements.