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To The Chair Professional Standards Council

Opinion

I have audited the financial report of the Professional Standards Council for the financial year ended 30 June 2024.

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 2024, 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 – Simplified Disclosures.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Equity for the year ended 30 June 2024
- a Statement of Cash Flows for the year ended 30 June 2024
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair, the Chief Executive, Attorney-General's Department and the Acting 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 (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 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 relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Disclosures 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 that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the members of the Professional Standards Council are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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*, I have audited the financial report of the Professional Standards Council for the financial year ended 30 June 2024.

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's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Professional Standards Council
- conclude on the appropriateness of the Professional Standards Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

5 November 2024

Professional Standards Council

Financial Statements

For the year ended 30 June 2024

Professional Standards Council
Certification of the Financial Statements
for the year ended 30 June 2024

We certify that the:

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



Caroline Mealor
Chief Executive
Attorney-General's Department
31 October 2024



Darren Corcoran
A/Executive Director, Finance, People & Performance
Attorney-General's Department
31 October 2024



John Vines OAM
The Chair
04 November 2024

Professional Standards Council
Statement of Comprehensive Income
for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Income			
Regulatory fees	2.1	104	100
Total income		104	100
Expenses			
Administration	4.1	93	96
Total expenses		93	96
Net result		11	4
Total comprehensive result		11	4

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

Professional Standards Council
Statement of Financial Position
as at 30 June 2024

	Note	2024 \$'000	2023 \$'000
Current assets			
Cash and cash equivalents	5.1	183	169
Receivables	5.2	3	3
Total current assets		<u>186</u>	<u>172</u>
Total assets		<u>186</u>	<u>172</u>
Current liabilities			
Payables	6.1	54	51
Total current liabilities		<u>54</u>	<u>51</u>
Total liabilities		<u>54</u>	<u>51</u>
Net assets		<u>132</u>	<u>121</u>
Equity			
Retained earnings		132	121
Total equity		<u>132</u>	<u>121</u>

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

Professional Standards Council
Statement of Changes in Equity
for the year ended 30 June 2024

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2022	<u>117</u>	<u>117</u>
Net result for 2022-23	<u>4</u>	<u>4</u>
Total comprehensive result for 2022-23	<u>4</u>	<u>4</u>
Balance at 30 June 2023	<u>121</u>	<u>121</u>
Net result for 2023-24	<u>11</u>	<u>11</u>
Total comprehensive result for 2023-24	<u>11</u>	<u>11</u>
Balance at 30 June 2024	<u><u>132</u></u>	<u><u>132</u></u>

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

Professional Standards Council
Statement of Cash Flows
for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Cash inflows			
Regulatory fees		104	102
GST recovered from the ATO		9	8
Cash generated from operating activities		<u>113</u>	<u>110</u>
Cash outflows			
Administration		(99)	(84)
Cash used in operations		<u>(99)</u>	<u>(84)</u>
Net cash provided by / (used in) operating activities		<u>14</u>	<u>26</u>
Net increase / (decrease) in cash and cash equivalents		<u>14</u>	<u>26</u>
Cash and cash equivalents at the beginning of the reporting period		169	143
Cash and cash equivalents at the end of the reporting period	5.1	<u>183</u>	<u>169</u>

The accompanying notes form part of these financial statements.

Professional Standards Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1 About the Professional Standards Council

The Professional Standards Council (the Council) is a not-for-profit entity established under the *Professional Standards Act 2004* (the Act). The financial statements of the Council include income, expenses, assets and liabilities which the Attorney-General's Department (AGD) 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 is 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 applying simplified disclosures.

The financial statements are prepared based on a 12-month reporting period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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

Significant accounting policies are set out throughout the notes.

The Professional Standards Council is liable for fringe benefits tax (FBT) and goods and services tax (GST). GST collections and payments are carried out by AGD on behalf of the Council. GST in relation to the Council is reported in the AGD controlled financial statements.

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.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis, and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

Professional Standards Council

Notes to and forming part of the Financial Statements

For the year ended 30 June 2024

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.

Professional Standards Council
Notes to and forming part of the Financial Statements
For the year ended 30 June 2024

2. Income

2.1. Regulatory fees

	2024	2023
	\$'000	\$'000
Law Society of South Australia	91	88
South Australian Bar Association	13	12
Total regulatory fees	104	100

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 contract liabilities in the current financial year since both associations have scheme year aligned to the fiscal year, no contract liability applies.

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the Council includes the Attorney-General and 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 New South Wales government in line with New South Wales guidelines. In accordance with the *Inter-Departmental Services Agreement (as extended to 2026)*, the New South Wales government manages payroll processing for the eight national Professional Standards Councils. Total compensation for the Council's key management personnel was \$266 063 (2023: \$254 281).

The compensation disclosed in this note excludes salaries and other benefits the Attorney-General receives. The Attorney-General's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

In accordance with the *Inter-Departmental Services Agreement (as extended to 2026)*, the Council is required to fund 1.95% or \$5 470 (2023: 2.01% or \$5 390) of key management personnel remuneration, including payroll tax. 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 2023 and 2024.

Professional Standards Council
Notes to and forming part of the Financial Statements
For the year ended 30 June 2024

4. Expenses

4.1. Administration expenses

	2024	2023
	\$'000	\$'000
Administration expenses	93	96
Total administration	93	96

Expenses represent secretariat support provided by the New South Wales Department of Customer Service, pursuant to the *Inter-Departmental Services Agreement* (as extended to 2026). 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 2024 is 1.95% (2023: 2.01%).

Secretariat support includes employment, information technology, jurisdictional audit fees, 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 New South Wales Department of Customer Service. The administration fees include the 1.95% of the cost (\$5 200) for the Audit Office of South Australia to perform the audit of the annual financial statements (2023: 2.01% and \$4 300).

5. Financial assets

5.1. Cash and cash equivalents

	2024	2023
	\$'000	\$'000
Deposits with the Treasurer	183	169
Total cash and cash equivalents	183	169

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

5.2. Receivables

	2024	2023
	\$'000	\$'000
Current		
Annual fees receivable	3	3
Total current receivables	3	3
Total receivables	3	3

Receivables arise from the statutory obligation of occupational associations with Schemes in force, per the *Professional Standards Regulations 2021*. 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.

Professional Standards Council
Notes to and forming part of the Financial Statements
For the year ended 30 June 2024

6. Liabilities

6.1. Payables

	2024 \$'000	2023 \$'000
Current		
Accrued expenses	54	51
Total current payables	<u>54</u>	<u>51</u>
Total payables	<u>54</u>	<u>51</u>

Payables are measured at nominal amounts.

The Council has one creditor, the New South Wales Department of Customer Service, 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.

7. Outlook

7.1. 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:

	2024 \$'000	2023 \$'000
Within one year	15	15
Later than one year but not longer than five years	-	12
Total expenditure commitments	<u>15</u>	<u>27</u>

The commitments recorded above are estimated values for known outgoings. Per the *Inter-Departmental Services Agreement* (as extended to 2026), 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.

7.2. 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 material contingent assets or liabilities in 2023 and 2024.

7.3. Events after reporting period

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

Professional Standards Council
Notes to and forming part of the Financial Statements
For the year ended 30 June 2024

8. Measurement and risk

8.1. 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 2023-24 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, via the Department of Customer Service, 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 2021*. Where Associations do not provide data for this receivable to be estimated (per *Professional Standards Regulations 2021*) historical and trend data is used by the Council to estimate this receivable. 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.

Classification of financial instruments

The Council measures all financial instruments at amortised cost.