



# **PROFESSIONAL STANDARDS COUNCIL OF SOUTH AUSTRALIA**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Protecting consumers by improving professional standards

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# CERTIFICATION OF FINANCIAL STATEMENTS

for the year ended 30 June 2020

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

- » comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards
- » are in accordance with the accounts and records of the Professional Standards Council
- » present a true and fair view of the financial position of the Professional Standards Council as at 30 June 2020 and the results of its operations and cash flows for the financial year.

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



**Caroline Mealor**  
Chief Executive  
Attorney-General's Department

26 October 2020



**Andrew Swanson FCPA**  
Executive Director, Finance, People & Performance  
Attorney-General's Department

26 October 2020



**John Vines OAM**  
The Chair

11 November 2020

# FINANCIAL STATEMENTS

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Note	2020 \$ '000	2019 \$ '000
<b>Income</b>			
Regulatory fees	2.1	116	186
<b>Total income</b>		<b>116</b>	<b>186</b>
<b>Expenses</b>			
Administration	4.1	121	187
<b>Total expenses</b>		<b>121</b>	<b>187</b>
<b>NET RESULT</b>		<b>(5)</b>	<b>(1)</b>
<b>TOTAL COMPREHENSIVE RESULT</b>		<b>(5)</b>	<b>(1)</b>

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

## STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Note	2020 \$ '000	2019 \$ '000
<b>Current assets</b>			
Cash and cash equivalents	5.1	160	218
Receivables	5.2	1	4
<b>Total current assets</b>		<b>161</b>	<b>222</b>
<b>TOTAL ASSETS</b>		<b>161</b>	<b>222</b>
<b>Current liabilities</b>			
Payables	6.1	33	63
Contract liabilities	6.2	–	26
<b>Total current liabilities</b>		<b>33</b>	<b>89</b>
<b>TOTAL LIABILITIES</b>		<b>33</b>	<b>89</b>
<b>Net assets</b>		<b>128</b>	<b>133</b>
<b>Equity</b>			
Retained earnings		128	133
<b>TOTAL EQUITY</b>		<b>128</b>	<b>133</b>

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

## STATEMENT OF CHANGES IN EQUITY

### for the year ended 30 June 2020

	Retained Earnings \$ '000	Total Equity \$ '000
<b>Balance at 30 June 2018</b>	134	134
Total comprehensive result for 2018–19	(1)	(1)
<b>Balance at 30 June 2019</b>	<b>133</b>	<b>133</b>
Changes in account policy on adoption of AASB15, 16 and 1058	–	–
Total comprehensive result for 2019–20	(5)	(5)
<b>Balance at 30 June 2020</b>	<b>128</b>	<b>128</b>

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

## STATEMENT OF CASH FLOWS

### for the year ended 30 June 2020

	Note	2020 \$ '000	2019 \$ '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash inflows</b>			
Regulatory fees		93	185
<b>Cash generated from operations</b>		<b>93</b>	<b>185</b>
<b>Cash outflows</b>			
Administration		(151)	(182)
<b>Cash used in operations</b>		<b>(151)</b>	<b>(182)</b>
<b>Net cash provided by / (used in) operating activities</b>		<b>(58)</b>	<b>3</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(58)</b>	<b>3</b>
Cash and cash equivalents at the beginning of the reporting period		218	215
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD</b>	5.1	<b>160</b>	<b>218</b>

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

## SECTION 1: ABOUT THE PROFESSIONAL STANDARDS COUNCIL

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

The Professional Standards Councils were constituted under state and territory professional standards legislation, with the mandate to approve Professional Standards Schemes. There are a total of eight Councils, one for each Australian state and territory. Each Council consists of 11 members, who are nominated and appointed pursuant to the *Professional Standards Agreement 2011*.

### 1.1 BASIS OF PREPARATION

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

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

For the 2019–20 financial statements the Council 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.

The Council is liable for goods and services tax (GST). GST collections and payments are carried out by the Attorney-General Department (AGD) on behalf of the Council. GST in relation to the Council is reported in the AGD controlled financial statements.

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

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

### 1.2 OBJECTIVES OF THE PROFESSIONAL STANDARDS COUNCIL

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

#### Professional Standards Schemes

Professional Standards Schemes apply to members of occupational associations that administer Professional Standards Schemes approved by the Councils. Professional Standards Schemes:

- » recognise those occupational associations who implement robust risk management strategies
- » limit occupational liability for members of occupational associations who carry professional indemnity insurance and/or business assets which comply with the association's standard of insurance and are at (or above) the level of the limitation of liability amount.



### The Professional Standards Council

The Council is responsible for determining the limitation of liability. When doing so, the Council must consider the claims history of each association member and the need to adequately protect consumers. The Council's other functions are set out in section 46 of the Act, and are in summary:

- » to advise the Minister about publications in the Gazette, amendments to, or revocation of a scheme; the operation of the Act; and anything else about the occupational liability of members of occupational associations
- » to advise occupational associations about insurance policies relating to limitation of liability
- » to encourage and assist in the improvement of occupational standards of members of occupational associations
- » to encourage and assist in the development of self-regulation of occupational associations
- » to monitor the occupational standards of members of participating occupational associations
- » to monitor the compliance by an occupational association with its risk management strategies
- » to publish advice and information about the functions of Council
- » to conduct forums, approved by the Minister, on issues of interest to members of occupational groups
- » to collect, analyse and provide the Minister with information on issues and policies about the standards of occupational groups
- » to start proceedings in its own name for the prosecution of an offence against the Act or for injunctive or other relief for the offences.

### Funding of the Council

The Council is fully funded through the following:

- » a fee of \$5,000 is payable to the Council for a Professional Standards Schemes application for approval, amendments or revocation
- » an annual fee of \$50 for each member of occupational associations participating in a Professional Standards Scheme
- » simple interest at the rate of 0.05% per day is payable by the Professional Standards Scheme holders on the outstanding balance of annual fees until the balance is paid.

### 1.3 IMPACT OF COVID-19 PANDEMIC ON THE COUNCIL

The COVID-19 pandemic has impacted on the operations of the Council and the impacts are included under the relevant disclosure notes.

The key impacts in 2019–20 were:

- » Pursuant to the *Inter-Departmental Service Agreement 2016* (as amended), the service provider, the New South Wales Department of Customer Service and the Councils have had limited social interactions. This resulted in lower than planned travel and stakeholder engagement activities.

## SECTION 2: INCOME

### 2.1 REGULATORY FEES

	2020 \$'000	2019 \$'000
Chartered Accountants Australia and New Zealand	30	101
Law Society of South Australia	75	74
South Australian Bar Association	11	11
<b>Total regulatory fees</b>	<b>116</b>	<b>186</b>

Annual fees are apportioned over the relevant scheme year. A proportion of annual fees collected are deferred to the next financial year with the balance recognised as unearned revenue in the current financial year. The Chartered Accountants Australia and New Zealand scheme expired on 7 October 2019. This scheme was the only scheme with a deferred revenue requirement.

## SECTION 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 NSW government in line with NSW guidelines. In accordance with the *Inter-Departmental Services Agreement 2016* (as amended), the NSW government manages payroll processing for the eight national Professional Standards Councils. Total compensation for the Council's key management personnel was \$262,885 (2019: \$272 591).

The compensation detailed above 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 2016* (as amended), the Council is required to fund 2.78% or \$7,706 (2019: 4.47% or \$12,852) of key management personnel compensation. This amount is included in total administration expenses.

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

There were no transactions with key management personnel and other related parties in 2019 and 2020.

## SECTION 4: EXPENSES

### 4.1 ADMINISTRATION EXPENSES

	2020 \$'000	2019 \$'000
Administration expenses	121	187
<b>Total administration expenses</b>	<b>121</b>	<b>187</b>

Expenses represent secretariat support provided by the New South Wales (NSW) Department of Customer Service, pursuant to the *Inter-Departmental Services Agreement 2016* (as amended). 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 2020 is 2.78% (2019: 4.47%). Most of the functions of the Department of Finance, Services and Innovation were transferred to the Department of Customer Service, with effect from 1 July 2019.

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 NSW Department of Customer Service. The administration fees include the 2.78% of the cost (\$4,000) for the Auditor-General's department to perform the audit of the annual financial statements (2019: 4.47% and \$3,900).

## SECTION 5: FINANCIAL ASSETS

### 5.1 CASH AND CASH EQUIVALENTS

	2020 \$'000	2019 \$'000
Deposits with the Treasurer	160	218
<b>Total cash and cash equivalents</b>	<b>160</b>	<b>218</b>

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

### 5.2 RECEIVABLES

	2020 \$'000	2019 \$'000
<b>Current</b>		
Annual fees receivable	1	4
<b>Total current receivables</b>	<b>1</b>	<b>4</b>
<b>Total receivables</b>	<b>1</b>	<b>4</b>

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

## SECTION 6: LIABILITIES

### 6.1 PAYABLES

	2020 \$'000	2019 \$'000
<b>Current</b>		
Accrued expenses	33	63
<b>Total current payables</b>	<b>33</b>	<b>63</b>
<b>Total payables</b>	<b>33</b>	<b>63</b>

Payables are measured at nominal amounts.

The Council has one creditor, NSW 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.

### 6.2 CONTRACT LIABILITIES

	2020 \$'000	2019 \$'000
<b>Current</b>		
Contract liabilities	-	26
<b>Total current contract liabilities</b>	<b>-</b>	<b>26</b>
<b>Total contract liabilities</b>	<b>-</b>	<b>26</b>

Contract liabilities represent annual fees received but not earned and relates to periods of the scheme subsequent to the end of the reporting period. The Chartered Accountants Australia and New Zealand scheme expired on 7 October 2019. This scheme was the only scheme with a contract liability requirement.

In 2018–19 this was classified as other liabilities.

#### Movement in contract liabilities

	30 June 2020 \$	1 July 2019 \$
<b>Reconciliation of changes in contract liabilities</b>		
Opening balance	-	-
Adjustments	26	-
<b>Restatement of prior year's balance</b>	<b>26</b>	<b>-</b>
Additions	-	-
Recognised as revenue in the reporting period	(26)	-
<b>Balance at end of period</b>	<b>-</b>	<b>-</b>

At 1 July 2019, on adoption of AASB 15 and AASB 1058, the 2019 balance has been restated to include income in advance, which was previously disclosed as other liabilities.

## SECTION 7: CHANGES IN ACCOUNTING POLICY

### 7.1 AASB 16 LEASES

The Council has no lease contracts and therefore is not required to adopt AASB 16 from 1 July 2019.

### 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 or 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

On transition, there was no impact on retained earnings.

#### Ongoing accounting policies

The *Treasurer's Instructions (Accounting Policy Statements)* specify requirements for public authorities in applying AASB 15. These requirements are reflected in the Council's accounting policies as follows:

- » for regulatory fees, short-term licences (i.e. being those with a licence term of 12 months or less) are exempt from AASB 15 revenue recognition requirements. The Council has elected to recognise over the period of the annual scheme year. Where the scheme year differs from the financial year a deferred revenue component is included in the Statement of Financial Position as contract liabilities. Refer to note 6.2.

### 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.

The Council's revenue is recognised in accordance with AASB 15. Refer to note 7.2.

## 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 Council. 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.

## SECTION 8: OUTLOOK

### 8.1 UNRECOGNISED CONTRACTUAL COMMITMENTS

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

#### Expenditure commitments – Administration

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

	2020 \$'000	2019 \$'000
Within one year	19	16
Later than one year but not longer than five years	58	–
<b>Total expenditure commitments</b>	<b>77</b>	<b>16</b>

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

## 8.2 CONTINGENT ASSETS AND LIABILITIES

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

The Council has no contingent assets or liabilities in 2019 and 2020.

## 8.3 COVID-19 PANDEMIC OUTLOOK FOR THE COUNCIL

The COVID-19 pandemic will continue to impact the operations of the Council in 2020–21. The key expected impacts are:

- » Pursuant to the *Inter-Departmental Service Agreement 2016* (as amended), the service provider, the New South Wales Department of Customer Service and the Councils will limit social interactions. This results in lower than planned travel and stakeholder engagement activities.

## 8.4 EVENTS AFTER REPORTING PERIOD

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

# SECTION 9: MEASUREMENT AND RISK

## 9.1 FINANCIAL INSTRUMENTS

### Financial risk management

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

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

There has been no material change to the Council's credit risk profile in 2019–20 with all financial assets being held by the Commonwealth bank.

### Liquidity risk

The activities and operations of the Council are self-funding from regulated fees paid under the professional standards legislation. The Council's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The State Government of New South Wales, through the Department of 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 2006*. Where Associations do not provide data for this receivable to be estimated (per *Professional Standards Regulations 2006*) 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.

## 9.1 FINANCIAL INSTRUMENTS (CONTINUED)

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

Category of financial asset and financial liability	Notes	Carrying amount / fair value	2020 Contractual Maturities		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
<b>FINANCIAL ASSETS</b>					
<b>Cash and cash equivalents</b>					
Cash and cash equivalents	5.1	160	160	-	-
<b>Financial assets at amortised cost</b>					
Financial assets at amortised cost					
Receivables	5.2	1	1	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>161</b>	<b>161</b>	<b>-</b>	<b>-</b>
<b>FINANCIAL LIABILITIES</b>					
<b>Financial liabilities at amortised cost</b>					
Payables	6.1	33	33	-	-
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>33</b>	<b>33</b>	<b>-</b>	<b>-</b>

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

### Receivables and payables

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



# INDEPENDENT AUDITOR'S REPORT

## INDEPENDENT AUDITOR'S REPORT



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Auditor-General's Department

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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 2020.

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 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 Chair, the Chief Executive, Attorney-General's Department and the Executive Director Finance, People and Performance, Attorney-General's Department.

#### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Professional Standards Council. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* (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 the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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 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.

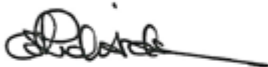
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 Professional Standard Council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members of the Professional Standards Council

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with the members of the Professional Standards Council about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

**Auditor-General**

13 November 2020



## Government of South Australia

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