



**Professional
Standards Council of
Western Australia**
Financial statements
for the year ended
30 June 2019

Performance indicators

Certification of Key Performance Indicators for the Year Ended 30 June 2019

The Professional Standards Council of Western Australia is required to report on performance indicators as outlined in the *Financial Management Act 2006 (WA)* and its associated Regulations.

Statement of Certification

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Professional Standards Council of Western Australia's performance, and fairly represent the performance of the Professional Standards Council of Western Australia for the financial year ended 30 June 2019.



John Vines OAM
Chair
30 August 2019



Rachel Webber
Council Member
30 August 2019

Key performance indicators

The Professional Standards Council of Western Australia (the Council) is responsible for approving Professional Standards Schemes (Schemes). The Schemes become effective on a day specified in the gazetted Scheme or two months after gazettal by the Minister.

The Schemes aim to increase consumer protection by improving the standards of professionals who belong to occupational associations that are approved by the Professional Standards Council to administer such Schemes. Members of such occupational associations are required to comply with required codes of ethics and practice, and to engage in risk management and continuing occupational education. Awareness and an active response to these issues can lower the incidence of civil liability claims against participating members, thereby achieving the objectives associated with the Schemes.

As a further measure of consumer protection, members of occupational associations that participate in Schemes are also required to hold significant business assets and/or professional indemnity insurance.

The Schemes operating in Western Australia during 2018–2019 were:

- › The Institute of Chartered Accountants in Australia (Western Australia) Scheme (ICAA WA Scheme) which commenced on 8 October 2014 for a five year period (*Gazette* 8 August 2014, No. 122). The ICAA WA Scheme was amended in 2015 to reflect the merger between ICAA and the New Zealand Institute of Chartered Accountants which resulted in a new name of “Chartered Accountants Australia and New Zealand” for the formally constituted body (*Gazette* 1 September 2015, No. 135);
- › The Law Society of Western Australia Scheme which commenced on 1 July 2014 (*Gazette* 11 April 2014, No. 54). This Scheme was amended on 24 June 2014 (*Gazette* 27 June 2014, No. 95); and
- › The Western Australian Bar Association Scheme which commenced on 1 July 2014 (*Gazette* 17 April 2014, No. 57).

Key Output/Service

Outcome	Professional Standards Schemes limiting the civil liability of the members of occupational associations
Output	Professional Standards Schemes limiting the liability of the members of an occupational association together with compulsory professional indemnity insurance, risk management strategies and appropriate provisions for complaints and disciplinary matters, for the protection of consumers of the services provided by the association's members.
Description	<p>Professional Standards Schemes limit the civil liability of members of the occupational association. Once approved, Schemes may continue for a period of up to five years. Annual fees calculated by reference to the number of members are payable by the occupational association to the Council.</p> <p>Consumers are protected by a requirement that persons under a Scheme have professional indemnity insurance or assets to the approved level; that members engage in appropriate risk management strategies; and by an approved complaints and disciplinary process.</p>

Effectiveness

The three associations with Schemes were invited by the Council to respond to a survey that sought their comments on the Council's effectiveness indicators as at 30 June 2019. The Chartered Accountants Australia and New Zealand Professional Standards Scheme (WA), the Law Society of Western Australia Professional Standards Scheme, and the Western Australian Bar Association Scheme had a combined membership totalling approximately 4,975 professionals during the reporting period.

To assist in determining the extent to which the objectives of the Schemes are being achieved, the associations were asked to comment on the following:

- › The impact of the Schemes based on the number of civil liability claims and cases brought against members;
- › The effectiveness of the Schemes on the association's perceptions of cost and availability of insurance for scheme members, taking into account:
 - Cost of insurance (decreasing premium or increasing at a slower than market rate);
 - Better value insurance for the same premium prices; and
 - Availability of liability insurance.

Effectiveness indicators⁽¹⁾⁽²⁾

Indicator	2015–16 Actual	2016–17 Actual	2017–18 Actual	2018–19 Actual	2018–19 Target ⁽³⁾
Schemes have lowered the incidence of civil liability claims.	One association agreed. Two associations disagreed.	Three associations disagreed.	One association agreed. Two associations disagreed.	Three associations noted a lower incidence of civil claims.	Lower incidence of civil liability claims as a result of the Schemes.
Cost of insurance (decreasing premium or increasing at a slower than market rate).	One association agreed. Two associations disagreed.	Three associations disagreed.	Three associations disagreed.	One association agreed. One association disagreed. One association noted no change. ⁽⁴⁾	Decreasing cost of insurance.
Better value insurance for same premium prices.	Three associations disagreed.	Three associations disagreed.	One association agreed. Two associations disagreed.	Three associations disagreed. ⁽⁵⁾	Better value insurance.
Availability of insurance.	One association agreed. Two associations disagreed.	Three associations disagreed.	Three associations disagreed.	Three associations disagreed. ⁽⁶⁾	Better availability of insurance.

(1) Associations have not been individually identified to protect the confidentiality of the information supplied.

(2) Data is reported for the 2018–19 financial year but uses data collected by each association in the previous calendar year, using existing data collection methodologies.

(3) Targets are derived from the stated objectives of the *Professional Standards Act 1997* (WA) as outlined in the second reading speech in Parliament on 25 June 1997 (Hansard, page 4,569).

(4) One association noted an increase due to a rise in insurance premium from underwriters. One association noted members were able to access insurance at an acceptable cost. One association noted a 15% decrease in insurance premiums.

(5) Three associations reported that their members were getting the same value for money. This is consistent with the response from two associations in prior year.

(6) Three associations reported no difference in the availability of insurance. This is consistent with the response from all the three associations in prior year.

Efficiency

Indicator	2015–16 Actual	2016–17 Actual	2017–18 Actual	2018–19 Actual	2018–19 Target ⁽²⁾
Cost per scheme ⁽¹⁾	\$150,753	\$87,456	\$95,972 ⁽³⁾	\$103,668 ⁽³⁾	\$104,667

(1) The Cost per Scheme incorporates the Secretariat service charges, Resources Received Free of Charge and any bank charges.

(2) The target was derived from the approved budget figure for Secretariat plus Resources Received Free of Charge.

(3) The actual cost per Scheme was higher than 2017–18 actual, due to an increase in total employment costs and other operating expenses incurred by the Service Provider, the New South Wales Department of Finance, Services and Innovation. This increase mainly resulted from the revised Councils members' remuneration.

Independent auditor's report



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

PROFESSIONAL STANDARDS COUNCIL

Report on the Financial Statements

Opinion

I have audited the financial statements of the Professional Standards Council which comprise the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Professional Standards Council for the year ended 30 June 2019 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Statements* section of my report. I am independent of the Council in accordance with the *Auditor General Act 2006* and the relevant 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 my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Council for the Financial Statements

The Council is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the agency'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 Western Australian Government has made policy or funding decisions affecting the continued existence of the Council.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the 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 agency'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 statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council regarding, 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 my audit.

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Professional Standards Council. The controls exercised by the Council are those policies and procedures established by the Council to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Professional Standards Council are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2019.

The Council's Responsibilities

The Council is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Independent auditor's report

Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Professional Standards Council for the year ended 30 June 2019. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Professional Standards Council are relevant and appropriate to assist users to assess the Council's performance and fairly represent indicated performance for the year ended 30 June 2019.

The Council's Responsibility for the Key Performance Indicators

The Council is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Council determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Council is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Professional Standards Council for the year ended 30 June 2019 included on the Council's website. The Council's management is responsible for the integrity of the Council's website. This audit does not provide assurance on the integrity of the Council's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



MARK AMBROSE
SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
5 September 2019

Disclosures and Legal Compliance

Financial Statements

Certification of Financial Statements

For the reporting period ended 30 June 2019

The accompanying financial statements of the Professional Standards Council of Western Australia have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2019 and the financial position as at 30 June 2019.

At the date of signing we are not aware of any circumstances which would render the particulars included within the financial statements misleading or inaccurate.



John Vines OAM
Chair
30 August 2019



Rachel Webber
Council Member
30 August 2019



Rodolfo Montilva
Chief Finance Officer
30 August 2019

The Council has pleasure in presenting its audited general purpose financial statements for the financial reporting period ended 30 June 2019 which provides users with the information about the Council's stewardship of resources entrusted to it. The financial information is presented in the following structure:

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Statement of comprehensive income

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
COST OF SERVICE			
Expenses			
Supplies and services	2.1	311,003	287,913
Other expenses	2.2	2	3
Total cost of services		311,005	287,916
Income			
Revenue			
Scheme fees	3.2	253,783	242,554
Total Revenue		253,783	242,554
Total income other than income from State Government		253,783	242,554
Net cost of services		57,222	45,362
Income from State Government			
Services received free of charge	3.1	52,125	57,000
Total income from State Government		52,125	57,000
Surplus/(deficit) for the period		(5,097)	11,638
Total comprehensive income/(loss) for the period		(5,097)	11,638

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of financial position

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	5.1	412,116	397,339
Receivables	4.1	17,747	18,039
Total current assets		429,863	415,378
Total assets		429,863	415,378
Liabilities			
Current liabilities			
Payables	4.2	94,229	73,915
Unearned revenue	4.3	39,573	40,305
Total current liabilities		133,802	114,220
Total liabilities		133,802	114,220
Net assets		296,061	301,158
Equity			
Accumulated surplus	7.8	296,061	301,158
Total equity		296,061	301,158

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2019

	Note	Accumulated surplus \$	Total equity \$
Balance at 1 July 2017	7.8	289,520	289,520
Total comprehensive income for the period		11,638	11,638
Balance at 30 June 2018		301,158	301,158
Balance at 1 July 2018		301,158	301,158
Total comprehensive loss for the period		(5,097)	(5,097)
Balance at 30 June 2019		296,061	296,061

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to suppliers		(240,420)	(222,983)
GST payments on purchase		(24,042)	(22,298)
Bank charges		(2)	(3)
Receipts			
Scheme fees		255,450	244,350
GST receipts from taxation authority		23,791	26,344
Net cash provided by operating activities		14,777	25,410
Net increase in cash and cash equivalents		14,777	25,410
Cash and cash equivalents at the beginning of the reporting period		397,339	371,929
Cash and cash equivalents at the end of the period	5.1	412,116	397,339

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

Note 1: Basis of preparation

The Professional Standards Council (the Council) is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The entity is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the agency on 30 August 2019.

OFFICE OBJECTIVES

Mission

The Professional Standards Council works to improve professional standards and protect consumers of professional services.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- › The Financial Management Act 2006 (**FMA**)
- › The Treasurer's Instructions (**the Instructions or TI**)
- › Australian Accounting Standards (**AAS**) – Reduced Disclosure Requirements
- › Where appropriate, those **AAS** paragraphs applicable for notforprofit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest dollar.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior, to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

Note 2: Use of our funding

EXPENSES INCURRED IN THE DELIVERY OF SERVICES

This section provides additional information about how the Council's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Council in achieving its objectives and the relevant notes are:

	Note	2019 \$	2018 \$
Supplies and services	2.1	311,003	287,913
Other expenses	2.2	2	3

2.1 Supplies and services

	Note	2019 \$	2018 \$
Supplies and services			
Secretarial services ^(a)		258,878	230,913
Services received free of charge	2.2	52,125	57,000
Total supplies and services expenses		311,003	287,913

(a) This expenditure is incurred by the NSW Department of Finance, Service and Innovation and is recharged to the Council pursuant to the *Inter-Departmental Service Agreement 2016* and includes audit fee.

Supplies and services:

Supplies and services are operating expenses generally representing the day-to-day running costs incurred in normal operations and are recognised as an expense in the reporting period in which they are incurred.

2.2 Other expenses

Other expenditures		2019 \$	2018 \$
Bank charges		2	3
Total other expenditures		2	3

Note 3: Our funding sources

HOW WE OBTAIN OUR FUNDING

This section provides additional information about how the Council obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Council and the relevant notes are:

	Note	2019 \$	2018 \$
Income from State Government	3.1	52,125	57,000
User charges and fees	3.2	253,783	242,554

3.1 Income from State Government

	2019 \$	2018 \$
Services received free of charge from other state government agencies during the period: ^(a)		
Department of Justice		
› financial, human resources and information technology services	52,125	57,000
Total Income from State Government	52,125	57,000

(a) Services received free of charge or for nominal cost: Services received free of charge or for nominal cost that the Council would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position. Services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

3.2 User charges and fees

	2019 \$	2018 \$
Scheme Fees	253,783	242,554
Total	253,783	242,554

Revenue is recognised in the Statement of Comprehensive Income when it has been earned from regulated annual fees and is calculated from the commencement date over the period of the scheme.

Note 4: Other assets and liabilities

This section sets out those assets and liabilities that arose from the Council's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Note	2019 \$	2018 \$
Receivables	4.1	17,747	18,039
Payables	4.2	94,229	73,915
Unearned revenue	4.3	39,573	40,306

4.1 Receivables

	2019 \$	2018 \$
Current		
Receivables	3,023	12,132
GST receivable	14,724	5,907
Total Current	17,747	18,039

The Council does not hold any collateral or other credit enhancements as security for receivables.

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Council will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

4.2 Payables

	2019 \$	2018 \$
Current		
Accrued expenses	94,229	73,915
Total Current	94,229	73,915

4.3 Unearned revenue

	2019 \$	2018 \$
Current		
Unearned revenue ^(a)	39,573	40,306
Total Current	39,573	40,306

(a) Unearned revenue represents the portion of regulated annual fees received but not earned and relates to periods of the scheme subsequent to the end of the reporting period.

Note 5: Financing

This section sets out the material balances and disclosures associated with the financing and cash flows of the Council:

	Notes
Cash and cash equivalents	5.1
Commitments	5.2

5.1 Cash and cash equivalents

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2019 \$	2018 \$
Cash and cash equivalents	412,116	397,339
	412,116	397,339

For the purpose of the statement of cash flows, cash and cash equivalent assets comprise cash at bank that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

5.2 Commitments

The commitments recorded below are estimated values for known outgoings of the Professional Standards Authority (PSA) and are shown GST inclusive. The Council is liable for a portion of the total cost (with the balance being borne by the other seven jurisdictions) through the *Inter-Departmental Service Agreement 2016* existing between the States and Territories. This Agreement commits each of the eight jurisdictions of the Professional Standards Councils to repay the Service Provider the New South Wales Department of Finance, Services and Innovation (NSW DFSI) for future operating commitments that the Council has agreed to fund per the protocols of the *Inter-Departmental Service Agreement 2016*. These costs are funded through their revenue as a portion of the total revenue of all the Professional Standards Councils, and 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.

	2019 \$	2018 \$
Occupancy costs		
Cost recoveries due to the Service Provider, the NSW DFSI, representing costs associated with the premises occupied by the Professional Standards Councils and their national regulatory support agency – PSA, including GST, are payable as follows:		
Within 1 year	17,471	36,747
Later than 1 year and not later than 5 years	–	31,710
	17,471	68,457
Capital user charges		
Cost recoveries due to the Service Provider, the NSW DFSI, representing costs associated with the usage of their capital items, including GST, are payable as follows:		
Within 1 year	2,509	10,191
Later than 1 year and not later than 5 years	–	10,954
Later than 5 years	–	2,807
	2,509	23,952
Other operating expenses		
Other operating expenses contracted for at the end of the reporting period, by the Service Provider the NSW DFSI, but not recognised as liabilities, including GST, are payable as follows:		
Within 1 year	1,475	1,768
	1,475	1,768

Note 6: Financial instruments and contingencies

	Notes
Financial instruments	6.1
Contingent assets and contingent liabilities	6.2

6.1 Financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2019 \$	2018 \$
Financial Assets		
Cash and cash equivalents	412,116	397,339
Loans and receivables ^(a)	–	12,132
Financial assets at amortised cost ^(a)	3,023	–
	415,139	409,471
Financial Liabilities		
Financial liabilities measured at amortised cost	94,229	73,915
	94,229	73,915

(a) The amount of loans and receivables and financial assets at amortised cost excludes GST recoverable from the Australian Taxation Office (statutory receivable).

6.2 Contingent assets and contingent liabilities

There were no contingent liabilities and contingent assets as at 30 June 2019.

Note 7: Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	7.1
Initial application of Australian Accounting Standards	7.2
Key management personnel	7.3
Related party transactions	7.4
Related bodies	7.5
Affiliated bodies	7.6
Remuneration of auditors	7.7
Equity	7.8
Supplementary financial information	7.9

7.1 Events occurring after the end of the reporting period

There were no events occurring after the end of the reporting period.

7.2 Initial application of Australian Accounting Standards

AASB 9 Financial instruments

AASB 9 *Financial instruments* replaces AASB 139 *Financial instruments: Recognition and Measurements* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Council applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies. The Council did not need to restate any comparative information which would have been required in accordance with AASB 9.7.2.15, as there were no financial instruments which would have

continued to be reported under AASB 139. As a result there were no differences arising from adoption, consequently no effect on Accumulated surplus.

The Council's approach is described below:

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Council's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Council's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The nature of these adjustments are described below:

The classification and measurement requirements of AASB 9 did not have a significant impact to the Council. The following are the changes in the classification of the Council's financial assets:

- › There were no Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables held by the Council as at 30 June 2018. Financial assets would in future be measured at amortised cost beginning 1 July 2018.
- › The Council did not designate any financial assets as at fair value through P/L.

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Council's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

Upon adoption of AASB 9 the Council had no Trade receivables, consequently no change to Accumulated surplus was required as at 1 July 2018.

As a result there were no ending impairment allowances in accordance with AASB 139 which need to be reconciled to the opening loss allowances determined in accordance with AASB 9.

7.3 Key management personnel

The Council has determined key management personnel to include cabinet ministers and members of the Council. The Council does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for members of the Council for the reporting period are presented within the following bands:

	2019	2018
Compensation Band (\$)		
50,001–60,000	1	–
20,001–30,000	10	–
0–10,000	–	13
Total compensation of senior officers	\$272,591	\$52,880

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. The NSW government manages payroll processing for the eight national Professional Standards Councils. The eight national Professional Standards Councils meet in unison. The above values represent total remuneration of the eight Professional Standards Councils. Per the *Inter-Departmental Service Agreement 2016*, the Council is required to fund 6.09% (\$16,601) (2018: 6.29% (\$3,326)) of the Councils members' remuneration. Total compensation of \$272,591 (2018: \$52,880) includes the superannuation expense incurred by the Councils in respect of members.

Following jurisdictional consultation of the remuneration of comparable bodies, in September 2018 the NSW Minister for Innovation and Better Regulation, in accordance with the *Professional Standards Agreement 2011*, set the rate of

remuneration (Superannuation Guarantee exclusive) at \$20,000 per annum for Councils' members and \$50,000 per annum for the Councils' Chairperson.

7.4 Related party transactions

The Council is a wholly owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Council include:

- › all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- › all senior officers and their close family members, and their controlled or jointly controlled entities;
- › other departments and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- › associates and joint ventures of a wholly-owned public sector entity.

Material transactions with other related parties

Outside of normal citizen type transactions with the agency, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

7.5 Related bodies

The Council had no related bodies during the financial year.

7.6 Affiliated bodies

The Council had no affiliated bodies during the financial year.

7.7 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for current financial year is as follows:

	2019 \$	2018 \$
Auditing the accounts, financial statements and key performance indicators	10,861	10,700

Per the *Inter-Departmental Service Agreement 2016*, the Council is required to fund 6.09% (2018: 6.29%) of the total national expenditure, including jurisdictional Audit fees of other Professional Standards Councils where relevant.

7.8 Equity

The Western Australian Government holds the equity interest in the Council on behalf of the community. Equity represents the residual interest in the net assets of the Council.

	2019 \$	2018 \$
Accumulated surplus		
Balance at start of period:	301,158	289,520
Result for the period	(5,097)	11,638
Balance at end of period	296,061	301,158
Total Equity at end of period	296,061	301,158

7.9 Supplementary financial information

There were no losses of public moneys or other public property through theft or default during the financial year (2018: nil).

There were no write offs of public money or other public property during the financial year (2018: nil).

There were no gifts of public property during the financial year (2018: nil).



Government of **Western Australia**
Department of **Justice**

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