



Our ref: A21/233

29 September 2021

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Mr D Reynolds
Chief Executive
Department of Treasury and Finance
Level 8, State Administration Centre
200 Victoria Square
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Dear Mr Reynolds

Audit of the State Procurement Board for the year to 30 June 2021

We have completed the audit of your accounts for the year ended 30 June 2021. Two key outcomes from the audit are the:

- 1 Independent Auditor's Report on the State Procurement Board's financial report
- 2 audit management letters.

1 Independent Auditor's Report

We are returning the financial statements for the State Procurement Board, with the Independent Auditor's Report. This report is unmodified.

The *Public Finance and Audit Act 1987* allows me to publish documents on the Auditor-General's Department website. The enclosed Independent Auditor's Report and accompanying financial statements will be published on that website on Tuesday, 12 October 2021.

2 Audit management letters

As the audit did not identify any significant matters requiring management attention, we will not issue any audit management letters.

What the audit covered

Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

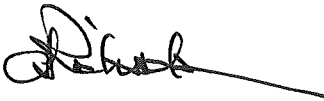
Our audit covered the principal areas of the State Procurement Board's financial operations and included test reviews of systems, processes, internal controls and financial transactions. Some notable areas were:

- reviewing Board minutes to understand relevant developments in the State Procurement Board's operations
- undertaking detailed verification processes to obtain reasonable assurance over the accuracy and completeness of balances and disclosures reported in the State Procurement Board's financial statements
- ensuring the State Procurement Board's financial statements comply with relevant Australian Accounting Standards, Accounting Policy Statements and other mandatory reporting requirements.

We also focussed on the accuracy of the transactions associated with the transfer of the State Procurement Board's assets and liabilities to the Treasurer. We concluded that the financial report was prepared in accordance with the financial reporting framework in this respect.

I would like to thank the staff and management of the State Procurement Board for their assistance during this year's audit.

Yours sincerely



Andrew Richardson
Auditor-General

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To the Chief Executive Department of Treasury and Finance

Opinion

I have audited the financial report of the State Procurement Board for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the State Procurement Board as at 30 June 2021, 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 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive, Department of Treasury and Finance and the Director, Financial Services, Organisation and Governance, Department of Treasury and Finance.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the State Procurement Board. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (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 Chief Executive, Department of Treasury and Finance for the financial report

The Chief Executive, Department of Treasury and Finance is 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* and section 22 of the *State Procurement Act 2004*, I have audited the financial report of the State Procurement Board for the financial year ended 30 June 2021.

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.

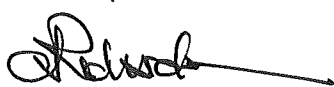
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 State Procurement Board's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive, Department of Treasury and Finance

- 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 Chief Executive, Department of Treasury and Finance 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.

A handwritten signature in black ink, appearing to read 'Andrew Richardson', with a long horizontal stroke extending to the right.

Andrew Richardson

Auditor-General

29 September 2021

State Procurement Board

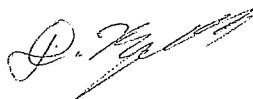
Financial Statements

For the year ended 30 June 2021

State Procurement Board
Certification of the Financial Statements
for the year ended 30 June 2021

We certify that the:

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



David Reynolds
Chief Executive
Department of Treasury and Finance

25 September 2021



Les Jones
Director, Financial Services, Organisation and
Governance

Department of Treasury and Finance

28 September 2021

State Procurement Board
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Intra-government transfers	2.1	358	349
Revenues from fees and charges	2.2	-	6
Resources received free of charge	2.3	-	1
Total income		<u>358</u>	<u>356</u>
Expenses			
Employee benefits expenses	3.3	19	17
Supplies and services	4.1	248	275
Total expenses		<u>267</u>	<u>292</u>
Net result		<u>91</u>	<u>64</u>
Total comprehensive result		<u>91</u>	<u>64</u>

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

State Procurement Board
Statement of Financial Position
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	5.1	-	1 321
Total current assets		<u>-</u>	<u>1 321</u>
Total assets		<u>-</u>	<u>1 321</u>
Current liabilities			
Payables	6.1	-	60
Total current liabilities		<u>-</u>	<u>60</u>
Total liabilities		<u>-</u>	<u>60</u>
Net assets		<u>-</u>	<u>1 261</u>
Equity			
Retained earnings		-	1 261
Total equity		<u>-</u>	<u>1 261</u>

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

State Procurement Board
Statement of Changes in Equity
for the year ended 30 June 2021

	Retained earnings	Total equity
	\$'000	\$'000
Balance at 1 July 2019	1 197	1 197
Net result for 2019-20	64	64
Total comprehensive result for 2019-20	<u>64</u>	<u>64</u>
Balance at 30 June 2020	<u>1 261</u>	<u>1 261</u>
Net result for 2020-21	91	91
Total comprehensive result for 2020-21	<u>91</u>	<u>91</u>
Net assets transferred as a result of an administrative restructure	<u>(1 352)</u>	<u>(1 352)</u>
Balance at 30 June 2021	<u><u>-</u></u>	<u><u>-</u></u>

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

State Procurement Board
Statement of Cash Flows
for the year ended 30 June 2021

	2021	2020
Note	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Intra-government transfers	358	349
Fees and charges	-	6
Cash generated from operating activities	358	355
Cash outflows		
Employee benefit payments	(19)	(17)
Payments for supplies and services	(121)	(214)
Cash used in operating activities	(140)	(231)
Net cash provided by / (used in) operating activities	218	124
Cash outflows		
Cash transferred as a result of restructuring activities	(1 539)	-
Cash used by financing activities	(1 539)	-
Net cash provided by / (used in) financing activities	(1 539)	-
Net increase / (decrease) in cash and cash equivalents	(1 321)	124
Cash and cash equivalents at the beginning of the reporting period	1 321	1 197
Cash and cash equivalents at the end of the reporting period	-	1 321
5.1	-	1 321

The accompanying notes form part of these financial statements.

State Procurement Board

Notes to and forming part of the financial statements

For the year ended 30 June 2021

1. About the State Procurement Board

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

The *State Procurement Repeal Act 2020* (proclaimed 17 June 2021) dissolved the State Procurement Board (the Board) effective 1 July 2021. Immediately before the Board's dissolution, all its assets, rights and liabilities were vested in the Treasurer to be administered by the Department of Treasury and Finance.

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 (PFAA)*;
- 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.

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.

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.

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 and programs

The State Procurement Board was established under the *State Procurement Act 2004* (the Act). The Act states the Board is the same body corporate as the State Supply Board established under the *State Supply Act 1985*.

Under the Act, the Board must have regard and seek to further the object of the Act by advancing government priorities and objectives by a system of procurement for public authorities directed towards:

- obtaining value for money in the expenditure of public money
- providing for ethical and fair treatment of participants
- ensuring probity, accountability and transparency in procurement operations.

The Board is serviced for administrative and financial functions, together with strategic and managerial support by the Department of Treasury and Finance (DTF) and Shared Services SA.

1.3. Impact of COVID-19 pandemic on the Board

The COVID-19 pandemic has had no material impact on the operations of the Board.

State Procurement Board
Notes to and forming part of the financial statements
For the year ended 30 June 2021

1.4. Changes to the SPB

Transferred out

The *State Procurement Repeal Act 2020* (proclaimed 17 June 2021) dissolved the State Procurement Board (the Board) effective 1 July 2021. Immediately before the Board's dissolution, all its assets, rights, and liabilities were vested in the Treasurer to be administered by the Department of Treasury and Finance.

On transfer the Board derecognised the following assets and liabilities:

	TOTAL
	\$'000
Current assets	
Cash and cash equivalents	1 539
Total current assets	1 539
Total assets	1 539
Current liabilities	
Payables	187
Total current liabilities	187
Total liabilities	187
Net loss/gain from transfers (in)/out	1 352

Net assets transferred to DTF administered as a result of dissolution of the Board were recognised at their carrying amount. Net assets transferred were treated as a contribution by the government as owner.

2. Income

2.1. Intra-government transfers

	2021	2020
	\$'000	\$'000
Intra-government transfers	358	349
Total intra-government transfers	358	349

Intra-government transfers are recognised as revenues when the Board obtains control over the funding. Control over transfers is normally obtained upon receipt.

2.2. Fees and charges

	2021	2020
	\$'000	\$'000
Other fees and charges	-	6
Total fees and charges	-	6

The Board receives fees for training delivered to public authority personnel under its Capability Development Program.

2.3. Resources received free of charge

	2021	2020
	\$'000	\$'000
Services received free of charge - Shared Services SA	-	1
Total resources received free of charge	-	1

State Procurement Board
Notes to and forming part of the financial statements
For the year ended 30 June 2021

3. Board, committees and employees

3.1. Key management personnel

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

The Treasurer's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively are payable from the Consolidated Account (via DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

Transaction with key management personnel and other related parties

There were no significant related party transactions identified.

3.2. Board and committee members

Board members during the 2021 financial year were:

State Procurement Board

Mark Carey* - Presiding Member (appointed 01/02/2021)
Nicolle Rantanen* - Presiding Member (resigned 28/01/2021)
Kelly Tattersall* (re-appointed 01/02/2021)
Judith Formston* (re-appointed 01/07/2020)
David Henchcliffe (resigned 15/03/2021)
Jamin Woolcock* (re-appointed 01/07/2020)
Jackie Bray* (re-appointed 01/07/2020)
Charlie Hollis (appointed 01/02/2021)

* In accordance with the Department of Premier and Cabinet Circular Number 016, SA Government employees did not receive any remuneration for board/committee duties during the financial year.

Procurement Approvals Committee

Members as above on a rotational basis.

Board and committee remuneration

The number of members whose remuneration received or receivable falls within the following bands:

	2021	2020
\$0	6	6
\$1 - \$19 999	2	1
Total number of members	8	7

The total remuneration received or receivable by members was \$17 300 (2020: \$16 500).

Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

State Procurement Board
Notes to and forming part of the financial statements
For the year ended 30 June 2021

3.3. Employee benefits expenses

	2021	2020
	\$'000	\$'000
Board and committee fees	16	15
Employment on-costs - superannuation	2	1
Employment on-costs - other	1	1
Total employee benefits expenses	19	17

Employment on-costs – superannuation

The superannuation employment on-cost charge represents the Board's contributions to superannuation plans in respect of current services of current employees.

4. Expenses

4.1. Supplies and services

	2021	2020
	\$'000	\$'000
Professional fees	31	19
Information technology and communication charges	7	41
Training and development	186	12
General administration and consumables	-	12
Consultants	7	24
Contractors and temporary staff	17	154
Other	-	13
Total supplies and services	248	275

Consultants

The number of consultancies and the dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following bands:

	2021	2021	2020	2020
	Number	\$'000	Number	\$'000
Below \$10 000	1	7	-	-
\$10 000 or above	-	-	1	24
Total	1	7	1	24

State Procurement Board
Notes to and forming part of the financial statements
For the year ended 30 June 2021

5. Financial assets

5.1. Cash

	2021	2020
	\$'000	\$'000
<u>Deposits with the Treasurer</u>		
State Procurement Board Operating Account	-	1 321
Total cash and cash equivalents	<u>-</u>	<u>1 321</u>

Deposits with the Treasurer

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit account must be used in accordance with their approved purpose.

The Board has one deposit account with the Treasurer and the Board does not earn interest on its deposits with the Treasurer.

6. Liabilities

6.1. Payables

	2021	2020
	\$'000	\$'000
<u>Current</u>		
Accrued expenses	-	60
Total current payables	<u>-</u>	<u>60</u>
Total payables	<u>-</u>	<u>60</u>

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

7. Outlook

7.1. Events after the reporting period

The *State Procurement Repeal Act 2020* (proclaimed 17 June 2021) dissolved the State Procurement Board (the Board) effective 1 July 2021. Immediately before the Board's dissolution, all its assets, rights, and liabilities were vested in the Treasurer to be administered by the Department of Treasury and Finance.

