

State Supply Commission

Annual Report 2011-12

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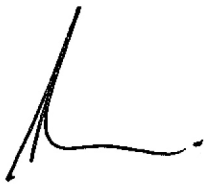
Statement of compliance

For the year ended 30 June 2012

To the Hon Simon O'Brien MLC Minister for Finance; Commerce; Small Business

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of the State Supply Commission for the financial year ended 30 June 2012.

The report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



Anne Nolan
Acting Chief Executive Officer
State Supply Commission
14 August 2012

Overview

Summary

The *State Supply Commission Act 1991* (the Act) established the State Supply Commission (the Commission) in order to regulate government procurement of goods and services, primarily through the creation of supply policy. Over the past 20 years, public procurement of goods and services has matured markedly, due to the development of effective supply policies and through the introduction of a centred procurement framework. This framework relies on well defined processes and trained procurement professionals, located with the Government Procurement business within the Department of Finance (Finance), who assist government agencies with their procurement activities.

In 2009 Cabinet approved the transfer of the Commission's staff to Finance and the repeal of the Act. The Commission's staff and resources have now been transferred, and the State Supply Commission Board (the Board) is responsible for maintaining the framework for the procurement of goods and services and the policies that underpin that framework.

The Board continues to work with the State Solicitor's Office on a replacement framework. In light of this, Finance will continue to provide the administrative support required by the Board until such time as a replacement framework has been implemented.

Operational Structure

Enabling Legislation

The State Supply Commission was established as a statutory authority in 1991 under the *State Supply Commission Act 1991*.

Responsible Minister

The State Supply Commission is responsible to the Hon Simon O'Brien MLC, Minister for Finance; Commerce; Small Business.

Mission

To achieve universal adoption of best practice in government procurement and disposals.

Board of the State Supply Commission

The Minister responsible for the *State Supply Commission Act 1991* appoints members to the State Supply Commission Board. During 2011-12 the Commission Board held one Ordinary Meeting.

The Chief Executive Officer of the State Supply Commission is an ex-officio member of the Commission Board in accordance with section 8(b) of the *State Supply Commission Act 1991*. Ms Anne Nolan is the Commission's Acting Chief Executive Officer and holds the ex-officio position.

Agency performance and disclosures

Performance indicators

Nil.

Significant issues impacting the agency

Nil. There has been no change in the activities of the State Supply Commission during the financial year, nor are changes anticipated in the foreseeable future.

Ministerial directives

Nil.

Other financial disclosures

Nil.

Employment and industrial relations

Nil.

Governance disclosures

Nil.

Other legal requirements

Nil.

Government policy requirements

Nil.

Disclosures and Legal Compliance

Opinion of the Auditor General



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

STATE SUPPLY COMMISSION

Report on the Financial Statements

I have audited the accounts and financial statements of the State Supply Commission.

The financial statements comprise the Statement of Financial Position as at 30 June 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Director General's Responsibility for the Financial Statements

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

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Director General, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the State Supply Commission at 30 June 2012 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Other Matter

After consultation with the Treasurer, the Auditor General, under section 14 of the Auditor General Act, dispensed with the audits of the Commission for the financial years ending 30 June 2010 and 30 June 2011. The Commission did not operate during this period and it was considered not in the public interest to incur the cost of these audits. We audited the Commission this year because the Auditor General Act does not allow an audit to be dispensed with for three consecutive years.

Report on Controls

I have audited the controls exercised by the State Supply Commission during the year ended 30 June 2012.

Controls exercised by the State Supply Commission are those policies and procedures established by the Director General 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.

Director General's Responsibility for Controls

The Director General is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the State Supply Commission based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Commission complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

Opinion

In my opinion, the controls exercised by the State Supply Commission 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 2012.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements

This auditor's report relates to the financial statements of State Supply Commission for the year ended 30 June 2012 included on the Commission's website. The Commission's directors are responsible for the integrity of the Commission's website. I have not been engaged to report on the integrity of the Commission's website. The auditor's report refers only to the financial statements described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If users of the financial statements 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 to confirm the information contained in this website version of the financial statements.



GLEN CLARKE
DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
17 August 2012

Disclosures and Legal Compliance

Financial Statements

Certification of Financial Statements

For the year ended 30 June 2012

The accompanying financial statements of the State Supply Commission 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 financial year ended 30 June 2012 and the financial position as at 30 June 2012.

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



Roy Picardo
Acting Chief Finance Officer
14 August 2012



Anne Nolan
Accountable Authority
14 August 2012

Statement of Comprehensive Income

For the year ended 30 June 2012

	Note	2012 \$	2011 \$
COST OF SERVICES			
Expenses			
Supplies and services	4	814	801
Other expenses	5	-	3,226
Total cost of services		814	4,027
Income			
<i>Revenue</i>			
Other revenue	6	-	1,616
Total Revenue		-	1,616
Total income other than income from State Government		-	1,616
NET COST OF SERVICES		814	2,411
SURPLUS/(DEFICIT) FOR THE PERIOD		(814)	(2,411)
OTHER COMPREHENSIVE INCOME			
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(814)	(2,411)

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

Statement of Financial Position

As at 30 June 2012

	Note	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8	384,440	385,254
Amounts receivable for services	7	22,000	22,000
Total Current Assets		406,440	407,254
TOTAL ASSETS		406,440	407,254
NET ASSETS		406,440	407,254
EQUITY			
Contributed equity		112,000	112,000
Accumulated surplus		294,440	295,254
TOTAL EQUITY		406,440	407,254

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 2012

	Contributed equity \$	Accumulated surplus \$	Total equity \$
Balance at 1 July 2010	112,000	297,665	409,665
Total comprehensive income for the period	-	(2,411)	(2,411)
Balance at 30 June 2011	112,000	295,254	407,254
Balance at 1 July 2011	112,000	295,254	407,254
Total comprehensive income for the period	-	(814)	(814)
Balance at 30 June 2012	112,000	294,440	406,440

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 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Supplies and services		(814)	(801)
Other payments		-	(3,226)
Receipts			
Other receipts		-	3,552
Net cash provided by/(used in) operating activities	8	<u>(814)</u>	<u>(475)</u>
Net increase/(decrease) in cash and cash equivalents		(814)	(475)
Cash and cash equivalents at the beginning of the period		385,254	385,729
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>384,440</u>	<u>385,254</u>

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

Notes to the Financial Statements

For the year ended 30 June 2012

Note 1. Australian Accounting Standards

General

The Commission's financial statements for the year ended 30 June 2012 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Commission has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Commission for the annual reporting period ended 30 June 2012.

Note 2. Summary of significant accounting policies

(a) General statement

The Commission is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act* and the Treasurer's instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land, buildings and infrastructure which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

(c) Reporting entity

The reporting entity comprises solely of the State Supply Commission.

(d) 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.

(e) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable.

(f) Financial instruments

The Commission's financial instruments consist of cash at bank and an amount receivable for services – holding account.

(g) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand. This amount is at call and is subject to insignificant risk of changes in value.

(h) Amounts receivable for services (holding account)

The Commission previously accrued funding on an accrual basis that recognised the full annual cash and non-cash cost of services. The appropriations were paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable was to be accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

At year end, the Commission has paid all its leave obligations and disposed of all its property, plant and equipment. The Commission does not intend employing staff or replacing assets. Accordingly, the Commission will not require the balance of funds in this account. See note 7.

(i) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

Note 3. Disclosure of changes in accounting policy and estimates

The Commission has not applied any Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2011 as there have been no additional standards or interpretations that have impacted on the Commission.

Future impact of Australian Accounting Standards not yet operative

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Commission has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Commission.

Note 4. Supplies and services

	2012	2011
	\$	\$
Bank fees and charges	814	801
	814	801

Note 5. Other expenses

	2012	2011
	\$	\$
Employment on-costs ^(a)	-	3,226
	-	3,226

(a) Includes workers' compensation insurance and other employment on-costs. Superannuation contributions accrued as part of the provisions for leave are employee benefits and are not included in employment on-costs.

Note 6. Other Revenue

	2012	2011
	\$	\$
Expense recoveries	-	1,616
	-	1,616

Note 7. Amounts receivable from services (Holding Account)

	2012	2011
	\$	\$
Current	22,000	22,000
	22,000	22,000

Represents the non-cash component of service appropriations. See note 2(h) "Amounts receivable for services (holding account)". It is restricted in that it can only be used for asset replacement or payment of leave liability. The Commission does not expect to have either.

Note 8. Notes to the Statement of Cash Flows**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:

	2012	2011
	\$	\$
Cash and cash equivalents	384,440	385,254
	384,440	385,254

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

	2012	2011
	\$	\$
Net cost of services	(814)	(2,411)
<u>(Increase)/decrease in assets:</u>		
Current receivables	-	2,248
<u>Increase/(decrease) in liabilities:</u>		
Current payables	-	(312)
Net cash provided by/(used in) operating activities	(814)	(475)

Note 9. Commitments**Recurring Operating Commitments**

The Commission does not have any expenditure commitments at 30 June 2012.

Non-Cancellable Operating Lease Commitments

The Commission does not have any operating lease commitments at 30 June 2012.

Note 10. Financial instruments**Financial risk management objectives and policies**

Financial instruments held by the Commission are cash and an amount receivable for services – holding account. The Commission has limited or no exposure to financial risks.

The following table details the exposure to liquidity risk and interest rate risk as at the balance sheet date. The Commission's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The contractual maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date.

The Commission does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Commission does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

	<u>Interest rate exposure</u>	Carrying Amount
	Non-interest bearing	
	\$	\$
2012		
<u>Financial Assets</u>		
Cash and cash equivalents	384,440	384,440
	384,440	384,440
2011		
<u>Financial Assets</u>		
Cash and cash equivalents	385,254	385,254
	385,254	385,254

Note 11. Remuneration of senior officers

Remuneration of Members of the Commission

The Commission has 4 members (2011: 3) none of whom are remunerated by the Commission (2011: \$Nil).

Note 12. Contingent liabilities and contingent assets

The Commission did not have any contingent liabilities or contingent assets at balance date.

Note 13. Events occurring after the end of the reporting period

No events to report occurred after the balance sheet date.