



State Supply Commission

Annual Report 2015-16

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Statement of Compliance

For the year ended 30 June 2016

To the Honourable Bill Marmion BE MBA MLA, Minister for State Development; Finance; Innovation.

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 2016.

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

12 September 2016

Overview

Summary

The *State Supply Commission Act 1991* (the Act) established the State Supply Commission. The State Supply Commission exists primarily to regulate the State's procurement of goods and services, through the creation of supply policy.

In recognition of the maturing capabilities of the public sector in procurement, the State Supply Commission policies underwent a major review in 2015-16. New policies were effective from 2 May 2016.

The new, tightened policies include contract variation changes, and changes to thresholds to allow greater independence for Western Australian Government agencies subject to the Act, especially when conducting lower value procurement activities.

In addition, the State Supply Commission effected an addendum to the Buy Local Policy. The addendum deals with the:

- operation of the Buy Local Policy in the context of international agreements; and
- removal of provisions relating to countertrade.

The State Supply Commission received two complaints from suppliers to government. Both complaints related to the submission of late tenders. In both instances, it was found the agencies concerned followed due process.

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 Honourable Bill Marmion BE MBA MLA, Minister for State Development; Finance; Innovation.

Mission

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

State Supply Commission Membership

The Minister responsible for the *State Supply Commission Act 1991* appoints members to the State Supply Commission. The members of the State Supply Commission met this financial year.

The Chief Executive Officer of the State Supply Commission is an ex-officio member of the Commission 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.

Ministerial directives

Nil.

Other financial disclosures

Nil.

Employment and industrial relations

Nil.

Governance disclosures

Nil.

Other legal requirements

Nil.

Government policy requirements

A review of the State Supply Commission policies was undertaken during the 2015-16 period. Changes were gazetted on 29 April 2016 and came into effect on 2 May 2016.

The main changes were:

- the Department of Finance must now be involved in all purchases and contract variations valued at \$250,000 and above;
- the policies contain more information on the rationale behind procurement planning and contract management;
- all contract variations valued at \$50,000 and above must be recorded on TendersWA;
- partially exempt public agencies are required to submit contract management plans, for procurements valued at \$5 million and above, including those from Common Use Arrangements, to the State Tender Review Committee (STRC) or the Community Services Procurement Review Committee (CSPRC), (the latter when procuring pursuant to the Delivering Community Services in Partnership Policy);
- partially exempt public agencies are required, where contract variations are valued at \$5 million and above (either individually or cumulatively), to submit a contract variation memorandum to the STRC or the CSPRC as applicable. This includes purchases made pursuant to a Common Use Arrangement, unless the Buyers Guide states otherwise;

- partially exempt public authorities are no longer required to seek advice from the Department of Finance when procuring from a registered Aboriginal business or an Australian Disability Enterprise; and
- partially exempt public authorities may buy directly from a registered Aboriginal business or an Australian Disability Enterprise notwithstanding the existence of a mandatory Common Use Arrangement. Approval from the Department of Finance is not required.

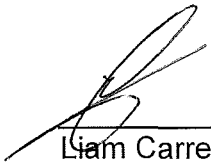
Financial Statements

Certification of Financial Statements

For the year ended 30 June 2016

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 2016 and the financial position as at 30 June 2016.

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.



Liam Carren
Chief Finance Officer

12 September 2016



Anne Nolan
Accountable Authority

12 September 2016

Statement of Comprehensive Income

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
COST OF SERVICES			
Expenses			
Supplies and services		-	-
Other Expense	4	570	5,700
Total cost of services		<u>-</u>	<u>5,700</u>
Income			
<i>Revenue</i>			
Other revenue		-	-
Total Revenue		<u>-</u>	<u>-</u>
Total income other than income from State Government		<u>-</u>	<u>-</u>
NET COST OF SERVICES		<u>570</u>	<u>5,700</u>
(DEFICIT) FOR THE PERIOD		<u>(570)</u>	<u>(5,700)</u>
OTHER COMPREHENSIVE INCOME			
Total other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(570)</u>	<u>(5,700)</u>

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

Statement of Financial Position

As at 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	377,524	383,794
Receivables		-	-
Amounts receivable for service		-	-
Total Current Assets		377,524	383,794
TOTAL ASSETS		377,524	383,794
LIABILITIES			
Current Liabilities			
Payables		-	5,700
Total Current Liabilities		-	5,700
TOTAL LIABILITIES		-	-
NET ASSETS		377,524	378,094
EQUITY			
Contributed equity		112,000	112,000
Accumulated surplus		265,524	266,094
TOTAL EQUITY		377,524	378,094

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 2016

	Contributed equity	Accumulated surplus	Total equity
	\$	\$	\$
Balance at 1 July 2014	112,000	271,794	383,794
Total comprehensive income for the period	-	(5,700)	-
Balance at 30 June 2015	112,000	266,094	378,094
Balance at 1 July 2015	112,000	266,094	378,094
Total comprehensive income for the period	-	(570)	-
Balance at 30 June 2016	112,000	265,524	377,524

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 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Supplies and services		(6,270)	-
Receipts			
Other receipts		-	-
Net cash provided by/(used in) operating activities	5	(6,270)	-
Net increase/(decrease) in cash and cash equivalents		(6,270)	-
Cash and cash equivalents at the beginning of the period		383,794	383,794
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		377,524	383,794

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 2016

Note 1. Australian Accounting Standards

General

The Commission's financial statements for the year ended 30 June 2016 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 Treasurer's Instruction (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 2016.

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 2006* 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 consists 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 transfer 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.

(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) 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 2015 as there have been no additional standards or interpretations that have affected 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 Australian Accounting Standards that have been issued that may impact the Commission.

Note 4. Other Expense

	2016	2015
	\$	\$
Other Expense	570	5,700
	<u>570</u>	<u>5,700</u>

The \$5,700 represents the 2014-15 financial year audit fee which was accrued in 2015. The \$570 in 2016 represents the GST payment made in relation to the audit fee. The State Supply Commission audit occurs once every three years. The last audit undertaken was for the 2014-15 financial year.

Note 5. 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:

	2016	2015
	\$	\$
Cash and cash equivalents	377,524	383,794
	<u>377,524</u>	<u>383,794</u>

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

	2016	2015
	\$	\$
Net cost of services	(570)	(5,700)
<u>Increase/(decrease) in liabilities:</u>		
Current payables	(5,700)	5,700
Net cash (used in) operating activities	<u>(6,270)</u>	<u>-</u>

Note 6. Commitments

Other Expenditure Commitments

The Commission does not have any expenditure commitments at 30 June 2016.

Non-Cancellable Operating Lease Commitments

The Commission does not have any operating lease commitments at 30 June 2016.

Note 7. Financial instruments

Financial risk management objectives and policies

Financial instruments held by the Commission are cash at bank. 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 in 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.

Interest rate exposure

	Non-interest bearing	Carrying Amount
	\$	\$
2016		
Financial Assets		
Cash and cash equivalents	377,524	377,524
	<u>377,524</u>	<u>377,524</u>
2015		
Financial Assets		
Cash and cash equivalents	383,794	383,794
	<u>383,794</u>	<u>383,794</u>

Note 8. Remuneration of senior officers

Remuneration of Members of the Commission

The State Supply Commission has three appointed members and one appointed substitute member, none of whom are remunerated by the Commission.

Note 9. Contingent liabilities and contingent assets

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

Note 10. Events occurring after the end of the reporting period

No events to report occurred after the reporting date.