



State Supply Commission

Annual Report 2017-18

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Statement of Compliance

For the year ended 30 June 2018

To the Honourable Ben Wyatt MLA, Treasurer; Minister for Finance; Energy; Aboriginal Affairs.

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 2018.

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



Stephanie Black

ACTING CHIEF EXECUTIVE OFFICER
STATE SUPPLY COMMISSION

1 August 2018

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 last underwent a major review in 2015-16. New policies were effective from 2 May 2016.

The current supply policies allow Western Australian Government agencies subject to the Act greater flexibility, especially when conducting lower value procurement activities.

The State Supply Commission continues to critically examine the legislative framework for goods and services procurement in Western Australia and explore options for a replacement framework for the State Supply Commission legislation. This will be done alongside consideration of the recommendations of the *Special Inquiry into Government Programs and Projects*.

The Department of Finance will continue to provide administrative support required by the State Supply Commission membership, until a replacement framework is established.

The State Supply Commission received one complaint from a supplier to government. The complainant's issue was resolved to their satisfaction.

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 Honourable Ben Wyatt MLA, Treasurer; Minister for Finance; Energy; Aboriginal Affairs.

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 Commission's members did not meet this financial year. Instead, two matters were considered and resolved by out-of-session circular.

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 Stephanie Black 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

The last review of the State Supply Commission policies was undertaken during the 2015-16 period. Changes came into effect on 2 May 2016.

Financial Statements

Certification of Financial Statements

For the year ended 30 June 2018

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 2018 and the financial position as at 30 June 2018.

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.



Dominick Geraghty
Chief Finance Officer

1 August 2018



Stephanie Black
Acting Chief Executive Officer

1 August 2018



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

STATE SUPPLY COMMISSION

Report on the Financial Statements

Opinion

I have audited the financial statements of State Supply Commission which comprise the Statement of Financial Position as at 30 June 2018, 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 and other explanatory information.

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 State Supply Commission for the year ended 30 June 2018 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 Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Commission 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.

Other Matter

After consultation with the Treasurer, I dispensed with the audits of the Commission for the financial years ended 30 June 2016 and 30 June 2017 under section 14 of the *Auditor General Act 2006*. The Commission did not operate during these periods and I considered that it was not in the public interest to incur the cost of these audits. I audited the Commission this financial year because the *Auditor General Act 2006* does not allow an audit to be dispensed with for three consecutive years.

Responsibility of the Director General 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, the *Financial Management Act 2006* 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.

In preparing the financial statements, the Director General 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 Commission.

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 Director General.
- Conclude on the appropriateness of the Director General'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 Director General 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 State Supply Commission. The controls exercised by the 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 (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 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 2018.

The Director General's Responsibilities

The Director General 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.

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.

My Independence and Quality Control Relating to the Reports on Controls

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

This auditor's report relates to the financial statements of the State Supply Commission for the year ended 30 June 2018 included on the Commission's website. The Commission's management is responsible for the integrity of the Commission's website. This audit does not provide assurance 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.



SANDRA LABUSCHAGNE
ACTING DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
03 August 2018

Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
COST OF SERVICES			
Expenses			
Other Expense		-	-
Total cost of services		-	-
Total income other than income from State Government		-	-
NET COST OF SERVICES		-	-
(DEFICIT) FOR THE PERIOD		-	-
OTHER COMPREHENSIVE INCOME			
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-

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

Statement of Financial Position

As at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	377,524	377,524
Total Current Assets		377,524	377,524
TOTAL ASSETS			
		377,524	377,524
TOTAL LIABILITIES			
		-	-
NET ASSETS			
		377,524	377,524
EQUITY			
Contributed equity		112,000	112,000
Accumulated surplus		265,524	265,524
TOTAL EQUITY		377,524	377,524

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 2018

	Contributed equity \$	Accumulated surplus \$	Total equity \$
Balance at 1 July 2016	112,000	265,524	377,524
Total comprehensive income for the period	-	-	-
Balance at 30 June 2017	112,000	265,524	377,524
Balance at 1 July 2017	112,000	265,524	377,524
Total comprehensive income for the period	-	-	-
Balance at 30 June 2018	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 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Supplies and services			
Receipts			
Other receipts			
Net cash provided by/(used in) operating activities		-	-
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		377,524	377,524
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		377,524	377,524

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 2018

Note 1. Australian Accounting Standards

General

The Commission's financial statements for the year ended 30 June 2018 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). These annual financial statements were authorised for issue by the Department's Acting Director General on 1 August 2018.

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 any other Australian Accounting Standards that have been issued or amended (but not operative) by the Commission for the annual reporting period ended 30 June 2018.

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.

(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 and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(h) Amounts receivable for services (holding account)

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. The account has a nil balance.

(i) Comparative figures

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

Note 3. 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. 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:

	2018	2017
	\$	\$
Cash and cash equivalents	377,524	377,524
	<u>377,524</u>	<u>377,524</u>

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

	2018	2017
	\$	\$
Net cost of services		
<u>Increase/(decrease) in liabilities:</u>		
Current payables		
Net cash (used in) operating activities	<u>-</u>	<u>-</u>

Note 5. Commitments

Other Expenditure Commitments

The Commission does not have any expenditure commitments at 30 June 2018.

Non-Cancellable Operating Lease Commitments

The Commission does not have any operating lease commitments at 30 June 2018.

Note 6. 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 on the following table.

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
	\$	\$
2018		
<u>Financial Assets</u>		
Cash and cash equivalents	377,524	377,524
	377,524	377,524
2017		
<u>Financial Assets</u>		
Cash and cash equivalents	377,524	377,524
	377,524	377,524

Note 7. Compensation of key management personnel

The State Supply Commission has determined that key management personnel include Ministers and members. The State Supply Commission has three appointed members and one appointed substitute member, none of whom are remunerated by the Commission.

Note 8. Related party transactions

The State Supply Commission is a wholly owned and controlled entity of the State of Western Australia. Related parties of the State Supply Commission include:

- All 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; and
- the Government Employees Superannuation Board (GESB).

Significant transactions with government related entities

There are no transactions with government related entities for the year ended 30 June 2018.

Material transactions with other related parties

There are no transactions with other related parties for the year ended 30 June 2018.

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 occurred after the end of the reporting period that require disclosure or adjustment to the financial statements.

Note 11. Remuneration of auditor

The 2017-18 audit fee of \$5,700 payable to the Auditor General will be paid by the Department of Finance.