

Financial Statements and Performance Indicators

Disclosure and Legal Requirements

PROCEDURES METHODOLOGY FACTS FIGURES QUALITY AUDIT AUDITORS FINANCE PERFORMANCE

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Certification of Financial Statements

for the year ended 30 June 2013

PEOPLE ASSURANCE ATTEST CONTROLS AUDITING EXCELLENCE TRANSPARENCY STATEMENTS KEY

The accompanying financial statements of the Office of the Auditor General 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 2013 and the financial position as at 30 June 2013.

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.



JAMES DEW CA
CHIEF FINANCE OFFICER
5 August 2013



COLIN MURPHY FCPA FCA
ACCOUNTABLE AUTHORITY
5 August 2013

Independent Auditor's Opinion

Independent Auditor's Report

To the Parliament of Western Australia

Office of the Auditor General

Report on the Financial Statements

We have audited the accounts and financial statements of the Office of the Auditor General.

The financial statements comprise the Statement of Financial Position as at 30 June 2013, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Auditor General's Responsibility for the Financial Statements

The Auditor 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 Auditor 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, our responsibility is to express an opinion on the financial statements based on our 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 Office'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 Auditor General, as well as evaluating the overall presentation of the financial statements.

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



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THINKING AHEAD

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Independent Auditor's Opinion

PEOPLE ASSURANCE ATTEST CONTROLS AUDITING EXCELLENCE TRANSPARENCY STATEMENTS KEY

Independent Auditor's Report

To the Parliament of Western Australia
Office of the Auditor General (Continued)



Opinion

In our opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Office of the Auditor General at 30 June 2013 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.

Report on Controls

We have audited the controls exercised by the Office of the Auditor General during the year ended 30 June 2013.

Controls exercised by the Office of the Auditor General are those policies and procedures established by the Auditor 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.

Auditor General's Responsibility for Controls

The Auditor 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, our responsibility is to express an opinion on the controls exercised by the Office of the Auditor General based on our 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 Office 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.

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

Opinion

In our opinion, the controls exercised by the Office of the Auditor General 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 2013.

Independent Auditor's Opinion

Independent Auditor's Report To the Parliament of Western Australia Office of the Auditor General (Continued)



Report on the Key Performance Indicators

We have audited the key performance indicators of the Office of the Auditor General for the year ended 30 June 2013.

The key performance indicators are the key effectiveness indicators and, the key efficiency indicators that provide information on outcome achievement and service provision.

Auditor General's Responsibility for the Key Performance Indicators

The Auditor General 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 controls as the Auditor General determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

As required by the Auditor General Act 2006, our responsibility is to express an opinion on the key performance indicators based on our audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Auditor General's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

Opinion

In our opinion, the key performance indicators of the Office of the Auditor General are relevant and appropriate to assist users to assess the Office's performance and fairly represent indicated performance for the year ended 30 June 2013.

Independent Auditor's Opinion

PEOPLE ASSURANCE ATTEST CONTROLS AUDITING EXCELLENCE TRANSPARENCY STATEMENTS KEY

Independent Auditor's Report To the Parliament of Western Australia Office of the Auditor General (Continued)



Independence

In conducting this audit, we 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 and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Office of the Auditor General for the year ended 30 June 2013 included on the Office's website. The Auditor General is responsible for the integrity of the Office's website. This audit does not provide assurance on the integrity of the Office'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.

BENTLEYS
Chartered Accountants

CHRIS WATTS
Director

DATED at PERTH this 5th day of August 2013

Statement of Comprehensive Income

for the year ended 30 June 2013

PROCEDURES METHODOLOGY FACTS FIGURES QUALITY AUDIT AUDITORS FINANCE PERFORMANCE

| | Note | 2013 \$000 | 2012 \$000 |
|---|------|---------------|---------------|
| COST OF SERVICES | | | |
| Expenses | | | |
| Employee benefits expense | 5 | 13 444 | 12 591 |
| Supplies and services | 6 | 6 482 | 7 179 |
| Depreciation and amortisation expense | 7 | 458 | 386 |
| Accommodation expenses | 8 | 2 057 | 1 651 |
| Loss on disposal of non-current assets | 11 | — | 10 |
| Other expenses | 9 | 58 | 58 |
| Total cost of services | | 22 499 | 21 875 |
| Income | | | |
| <i>Revenue</i> | | | |
| User charges and fees | 10 | 15 467 | 16 006 |
| Other revenue | 12 | 22 | 61 |
| Total Revenue | | 15 489 | 16 067 |
| Total income other than income from State Government | | 15 489 | 16 067 |
| NET COST OF SERVICES | | 7 010 | 5 808 |
| Income from State Government | 13 | | |
| Service appropriation | | 6 665 | 5 864 |
| Services received free of charge | | 470 | 233 |
| Total income from State Government | | 7 135 | 6 097 |
| SURPLUS FOR THE PERIOD | | 125 | 289 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 125 | 289 |

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

Statement of Financial Position

as at 30 June 2013

PEOPLE ASSURANCE ATTEST CONTROLS AUDITING EXCELLENCE TRANSPARENCY STATEMENTS KEY

| | Note | 2013 \$000 | 2012 \$000 |
|--------------------------------------|-------|---------------|---------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 24 | 2 789 | 2 079 |
| Receivables | 15 | 7 211 | 7 028 |
| Amounts receivable for services | 16 | 297 | 297 |
| Other current assets | 17 | 282 | 114 |
| Total Current Assets | | 10 579 | 9 518 |
| Non-Current Assets | | | |
| Restricted cash and cash equivalents | 14,24 | 467 | 326 |
| Amounts receivable for services | 16 | 1 339 | 995 |
| Property, plant and equipment | 18 | 534 | 679 |
| Intangible assets | 19 | 204 | 67 |
| Total Non-Current Assets | | 2 544 | 2 067 |
| TOTAL ASSETS | | 13 123 | 11 585 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 21 | 1 236 | 1 123 |
| Provisions | 22 | 2 656 | 2 398 |
| Total Current Liabilities | | 3 892 | 3 521 |
| Non-Current Liabilities | | | |
| Provisions | 22 | 792 | 610 |
| Total Non-Current Liabilities | | 792 | 610 |
| TOTAL LIABILITIES | | 4 684 | 4 131 |
| NET ASSETS | | 8 439 | 7 454 |
| EQUITY | | | |
| | 23 | | |
| Contributed equity | | 7 181 | 6 321 |
| Accumulated surplus | | 1 258 | 1 133 |
| TOTAL EQUITY | | 8 439 | 7 454 |

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 2013

PROCEDURES METHODOLOGY FACTS FIGURES QUALITY AUDIT AUDITORS FINANCE PERFORMANCE

| | Note | Contributed equity \$000 | Accumulated surplus \$000 | Total equity \$000 |
|---|------|-----------------------------|------------------------------|-----------------------|
| Balance at 1 July 2011 | 23 | 6 321 | 844 | 7 165 |
| Surplus | | – | 289 | 289 |
| Total comprehensive income for the period | | – | 289 | 289 |
| Transactions with owners in their capacity as owners: | | | | |
| Capital appropriations | | – | – | – |
| Total | | – | – | – |
| Balance at 30 June 2012 | | 6 321 | 1 133 | 7 454 |
| Balance at 1 July 2012 | | 6 321 | 1 133 | 7 454 |
| Surplus | | – | 125 | 125 |
| Total comprehensive income for the period | | – | 125 | 125 |
| Transactions with owners in their capacity as owners: | | | | |
| Capital appropriations | | 860 | – | 860 |
| Total | | 860 | – | 860 |
| Balance at 30 June 2013 | | 7 181 | 1 258 | 8 439 |

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 2013

PEOPLE ASSURANCE ATTEST CONTROLS AUDITING EXCELLENCE TRANSPARENCY STATEMENTS KEY

| | Note | 2013 \$000 | 2012 \$000 |
|---|------|----------------|----------------|
| CASH FLOWS FROM STATE GOVERNMENT | | | |
| Service appropriation | | 6 024 | 5 429 |
| Capital appropriations | | 860 | – |
| Holding account drawdown | | 297 | 482 |
| Net cash provided by State Government | | 7 181 | 5 911 |
| Utilised as follows: | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments | | | |
| Employee benefits | | (13 014) | (12 274) |
| Supplies and services | | (6 630) | (7 344) |
| Accommodation | | (1 606) | (1 442) |
| GST payments on purchases | | (861) | (883) |
| GST payments to taxation authority | | (996) | (858) |
| Other payments | | (58) | (58) |
| Receipts | | | |
| User charges and fees | | 15 405 | 15 037 |
| GST receipts on sales | | 1 638 | 1 589 |
| GST receipts from taxation authority | | 221 | 397 |
| Other receipts | | 22 | 61 |
| Net cash used in operating activities | 24 | (5 879) | (5 775) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments | | | |
| Purchase of non-current physical assets | | (451) | (574) |
| Net cash used in investing activities | | (451) | (574) |
| Net increase/(decrease) in cash and cash equivalents | | 851 | (438) |
| Cash and cash equivalents at the beginning of the period | | 2 405 | 2 843 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 24 | 3 256 | 2 405 |

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

Summary of Consolidated Account Appropriations and Income Estimates

for the year ended 30 June 2013

PROCEDURES METHODOLOGY FACTS FIGURES QUALITY AUDIT AUDITORS FINANCE PERFORMANCE

| | 2013 Estimate \$000 | 2013 Actual \$000 | Variance \$000 | 2013 Actual \$000 | 2012 Actual \$000 | Variance \$000 |
|--|---------------------------|-------------------------|-------------------|-------------------------|-------------------------|-------------------|
| DELIVERY OF SERVICES | | | | | | |
| Item 48 Net amount appropriated to deliver services | 6 017 | 6 017 | – | 6 017 | 5 235 | 782 |
| Amount Authorised by Other Statutes | | | | | | |
| - <i>Salaries and Allowances Act 1975</i> | 648 | 648 | – | 648 | 629 | 19 |
| Total appropriations provided to deliver services | 6 665 | 6 665 | – | 6 665 | 5 864 | 801 |
| CAPITAL | | | | | | |
| Item 132 Capital appropriations | 860 | 860 | – | 860 | – | 860 |
| GRAND TOTAL | 7 525 | 7 525 | – | 7 525 | 5 864 | 1 661 |
| DETAILS OF EXPENSES BY SERVICE | | | | | | |
| Public Sector Auditing | 22 017 | 22 499 | 482 | 22 499 | 21 875 | 624 |
| Total Cost of Services | 22 017 | 22 499 | 482 | 22 499 | 21 875 | 624 |
| Less Total Income | (15 599) | (15 489) | 110 | (15 489) | (16 067) | 578 |
| Net Cost of Services | 6 418 | 7 010 | 592 | 7 010 | 5 808 | 1 202 |
| Adjustments | 247 | (345) | (592) | (345) | 56 | (401) |
| Total appropriations provided to deliver services | 6 665 | 6 665 | – | 6 665 | 5 864 | 801 |
| CAPITAL EXPENDITURE | | | | | | |
| Purchase of non-current physical assets | 547 | 451 | (96) | 451 | 574 | (123) |
| Adjustments for other funding sources | 313 | 409 | 96 | 409 | (574) | 983 |
| Capital appropriations | 860 | 860 | – | 860 | – | 860 |

Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.

Note 28 '*Explanatory statement*' provides details of any significant variations between estimates and actual results for 2013 and between the actual results for 2013 and 2012.

Notes to the Financial Statements

for the year ended 30 June 2013

PEOPLE ASSURANCE ATTEST CONTROLS AUDITING EXCELLENCE TRANSPARENCY STATEMENTS KEY

Note 1. Australian Accounting Standards

General

The Office of the Auditor General's (the Office) financial statements for the year ended 30 June 2013 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 Office has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Office 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 Office for the annual reporting period ended 30 June 2013.

Note 2. Summary of significant accounting policies

(a) General statement

The Office 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* (Western Australia) 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.

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

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

Notes to the Financial Statements

Note 3 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting entity

The reporting entity comprises the Office of the Auditor General.

Mission

The Office's mission is to improve public sector performance and accountability by reporting independently to Parliament.

The Office is partly funded by Parliamentary appropriation. It also charges for certain audit services to agencies and fees are based on full cost recovery. The financial statements encompass all funds through which the Office controls resources to carry on its functions.

Services

The Office provides the following service:

Public Sector Auditing

This comprises the external audit of the Western Australian public sector through audits of financial statements, controls and key performance indicators and audits of efficiency and effectiveness of public sector operations.

(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 appropriation's 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. Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

Notes to the Financial Statements

Provision of services

Revenue is recognised by reference to the stage of completion of the transaction.

Service appropriations

Service appropriations are recognised as revenues at fair value in the period in which the Office gains control of the appropriated funds. The Office gains control of appropriated funds at the time those funds are deposited into the bank account or credited to the 'Amounts receivable for services (holding account)' held at Treasury.

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Office. In accordance with the determination specified in the 2012-13 Budget Statements, the Office retained \$15.5 million in 2013 (\$16.0 million in 2012) from the following:

- Assurance audit fees
- Government vehicle scheme
- Other Office revenue.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Office obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Gains

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

(f) Property, plant and equipment

Capitalisation/expensing of assets

Items of property, plant and equipment costing \$5 000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5 000 are immediately expensed direct to the Statement of Comprehensive Income other than where they form part of a group of similar items which are significant in total.

Initial recognition and measurement

Property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

Subsequent measurement

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Notes to the Financial Statements

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

| | |
|-------------------------------|---------------|
| Plant and equipment | 10 years |
| Office and computer equipment | 2 to 10 years |

(g) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5 000 or more and internally generated intangible assets costing \$50 000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful lives. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the Office have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

| | |
|-------------------------|---------|
| Software ^(a) | 3 years |
|-------------------------|---------|

(a) Software that is not integral to the operation of any related hardware.

Computer software

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5 000 is expensed in the year of acquisition.

Website costs

Website costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a website, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

Notes to the Financial Statements

(h) Impairment of assets

Property, plant and equipment, and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised in profit or loss. As the Office is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(i) Leases

The Office holds operating leases for office accommodation, certain equipment and motor vehicles. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased items.

(j) Financial instruments

In addition to cash and cash equivalents, the Office has two categories of financial instruments:

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- Financial Assets
 - Cash and cash equivalents
 - Restricted cash and cash equivalents

Notes to the Financial Statements

- Receivables
- Amounts receivable for services
- Financial Liabilities
 - Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent remeasurement is not required as the effect of discounting is not material.

(k) 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.

(l) Accrued salaries

Accrued salaries (*see note 21 'Payables'*) represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Office

considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (*see note 14 'Restricted cash and cash equivalents'*) consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

(m) Amounts receivable for services (holding account)

The Office receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(n) 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 Office 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.

Notes to the Financial Statements

(o) Payables

Payables are recognised at the amounts payable when the Office becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

(p) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions – employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave

The liability for annual leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave that is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the

present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Long service leave

A liability for long service leave is recognised after an employee has completed one year of service based on remuneration rates current as at the end of the reporting period. An actuarial assessment of long service leave undertaken by PricewaterhouseCoopers Actuaries at 31 May 2012 determined that the liability measured using the short-hand method was not materially different from the liability determined using the present value of expected future payments. This calculation is consistent with the Office's experience of employee retention and leave taken.

Notes to the Financial Statements

PROCEDURES METHODOLOGY FACTS FIGURES QUALITY AUDIT AUDITORS FINANCE PERFORMANCE

Unconditional long service leave provisions are classified as current liabilities as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Office has an unconditional right to defer settlement of the liability until the employee has completed the requisite years of service.

Deferred leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional 12 months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a current provision as employees can leave the scheme at their discretion at any time.

Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional 10 weeks leave per year. The provision recognises the value of salary set aside for employees and is measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Superannuation

The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. The Office makes contributions to GESB or other fund providers on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Office's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

Notes to the Financial Statements

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for Office purposes because the concurrent contributions (defined contributions) made by the Office to GESB extinguishes the Office's obligations to the related superannuation liability.

The Office has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Office to the GESB.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

Provisions – other

Employment on-costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Office's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

(q) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation funds. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

(r) Assets and services received free of charge or for nominal cost

Assets and services received free of charge or for nominal cost are recognised as income at the fair value of the assets and/or the fair value of those services that the Office would otherwise pay for, where the fair value can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(s) Comparative figures

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

During the period, \$681 000 in salary recoups for staff on secondment at other agencies which were recognised as miscellaneous revenue

Notes to the Financial Statements

PROCEDURES METHODOLOGY FACTS FIGURES QUALITY AUDIT AUDITORS FINANCE PERFORMANCE

in the 2011-12 financial year were reclassified as credits to employee benefits expense. This change in presentation is considered to provide more relevant information and has also been adopted in the current financial year. Refer note 5 '*Employee benefits expense*'.

During the period, \$484 000 in contract audit invoices which were recognised as accrued expenses in the 2011-12 financial year were reclassified as work-in-progress contractor audit work payable.

This change in presentation is considered to provide more relevant information and has also been adopted in the current financial year. Refer note 21 '*Payables*'.

Note 3. Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long Service Leave

Several estimations and assumptions used in calculating the Office's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Note 4. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Office has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2012 that impacted on the Office.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]

This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). There is no financial impact.

Future impact of Australian Accounting Standards not yet operative

The Office cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Office has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Office. Where applicable, the Office plans to apply these Australian Accounting Standards from their application date.

Notes to the Financial Statements

| | | Operative for reporting periods beginning on/after |
|---------|---|--|
| AASB 9 | <p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>AASB 2012-6 <i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures</i> amended the mandatory application date of this Standard to 1 January 2015. The Office has not yet determined the application or the potential impact of the Standard.</p> | 1 Jan 2015 |
| AASB 10 | <p><i>Consolidated Financial Statements</i></p> <p>This Standard supersedes AASB 127 <i>Consolidated and Separate Financial Statements</i> and Int 112 <i>Consolidation – Special Purpose Entities</i>, introducing a number of changes to accounting treatments.</p> <p>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10 <i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments</i>. There is no financial impact.</p> | 1 Jan 2014 |
| AASB 11 | <p><i>Joint Arrangements</i></p> <p>This Standard supersedes AASB 131 <i>Interests in Joint Ventures</i>, introducing a number of changes to accounting treatments.</p> <p>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. There is no financial impact.</p> | 1 Jan 2014 |
| AASB 12 | <p><i>Disclosure of Interests in Other Entities</i></p> <p>This Standard supersedes disclosure requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> and AASB 131 <i>Interests in Joint Ventures</i>.</p> <p>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. There is no financial impact.</p> | 1 Jan 2014 |

Notes to the Financial Statements

| | | Operative for reporting periods beginning on/after |
|-----------|---|--|
| AASB 13 | <p><i>Fair Value Measurement</i></p> <p>This Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. There is no financial impact.</p> | 1 Jan 2013 |
| AASB 119 | <p><i>Employee Benefits</i></p> <p>This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements.</p> <p>The Office does not have any defined benefit plans, and therefore the financial impact will be limited to the effect of discounting annual leave and long service leave liabilities that were previously measured at the undiscounted amounts.</p> | 1 Jan 2013 |
| AASB 127 | <p><i>Separate Financial Statements</i></p> <p>This Standard supersedes AASB 127 <i>Consolidated and Separate Financial Statements</i>, introducing a number of changes to accounting treatments.</p> <p>Mandatory application of the Standard was deferred by one year for not-for-profit entities by AASB 2012-10. There is no financial impact.</p> | 1 Jan 2014 |
| AASB 128 | <p><i>Investments in Associates and Joint Ventures</i></p> <p>This Standard supersedes AASB 128 <i>Investments in Associates</i>, introducing a number of changes to accounting treatments.</p> <p>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. There is no financial impact.</p> | 1 Jan 2014 |
| AASB 1053 | <p><i>Application of Tiers of Australian Accounting Standards</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.</p> | 1 Jul 2013 |

Notes to the Financial Statements

| | | Operative for reporting periods beginning on/after |
|-------------|--|--|
| AASB 1055 | <p><i>Budgetary Reporting</i></p> <p>This Standard specifies the nature of budgetary disclosures and the circumstances in which they are to be included in the general purpose financial statements of not-for-profit entities within the General Government Sector. The Office will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.</p> | 1 Jul 2014 |
| AASB 2010-2 | <p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052]</i></p> <p>This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.</p> | 1 Jul 2013 |
| AASB 2010-7 | <p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>AASB 2012-6 amended the mandatory application date of this Standard to 1 January 2015. The Office has not yet determined the application or the potential impact of the Standard.</p> | 1 Jan 2015 |
| AASB 2011-2 | <p><i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054]</i></p> <p>This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.</p> | 1 Jul 2013 |

Notes to the Financial Statements

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| | | Operative for reporting periods beginning on/after |
|-----------------|--|--|
| AASB 2011-6 | <p><i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]</i></p> <p>This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.</p> | 1 Jul 2013 |
| AASB 2011-7 | <p><i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]</i></p> <p>This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>. For not-for-profit entities it applies to annual reporting periods beginning on or after 1 January 2014. There is no financial impact.</p> | 1 Jan 2014 |
| AASB 2011-8 | <p><i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]</i></p> <p>This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.</p> | 1 Jan 2013 |
| AASB 2011-10 | <p><i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]</i></p> <p>This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is limited financial impact.</p> | 1 Jan 2013 |

Notes to the Financial Statements

| | | Operative for reporting periods beginning on/after |
|-----------------|--|--|
| AASB 2011-11 | <p><i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i></p> <p>This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.</p> | 1 Jul 2013 |
| AASB 2012-1 | <p><i>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, 7, 13, 140 & 141]</i></p> <p>This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.</p> | 1 Jul 2013 |
| AASB 2012-2 | <p><i>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 132]</i></p> <p>This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There is no financial impact.</p> | 1 Jan 2013 |
| AASB 2012-3 | <p><i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</i></p> <p>This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.</p> | 1 Jan 2014 |
| AASB 2012-5 | <p><i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 & 134 and Int 2]</i></p> <p>This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.</p> | 1 Jan 2013 |

Notes to the Financial Statements

PROCEDURES METHODOLOGY FACTS FIGURES QUALITY AUDIT AUDITORS FINANCE PERFORMANCE

| | | Operative for reporting periods beginning on/after |
|-----------------|--|--|
| AASB 2012-6 | <p><i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]</i></p> <p>This Standard amends the mandatory effective date of AASB 9 <i>Financial Instruments</i> to 1 January 2015. Further amendments are also made to consequential amendments arising from AASB 9 that will now apply from 1 January 2015 and to consequential amendments arising out of the Standards that will still apply from 1 January 2013. There is no financial impact.</p> | 1 Jan 2013 |
| AASB 2012-7 | <p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, 12, 101 & 127]</i></p> <p>This Standard adds to or amends the Australian Accounting Standards to provide further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.</p> | 1 Jul 2013 |
| AASB 2012-10 | <p><i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049, & 2011-7 and Int 12]</i></p> <p>This Standard makes amendments to AASB 10 and related Standards to revise the transition guidance relevant to the initial application of those Standards, and to clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.</p> <p>The Standard was issued in December 2012. The Office has not yet determined the application or the potential impact of the Standard.</p> | 1 Jan 2013 |
| AASB 2012-11 | <p><i>Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, 2, 8, 10, 107, 128, 133, 134 & 2011-4]</i></p> <p>This Standard makes various editorial corrections to Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2). These corrections ensure that the Standards reflect decisions of the AASB regarding the Tier 2 requirements.</p> <p>This Standard also extends the relief from consolidation and the equity method (in the new Consolidation and Joint Arrangements Standards) to entities complying with Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.</p> | 1 Jul 2013 |

Notes to the Financial Statements

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

Note 5. Employee benefits expense

| | | |
|--|---------------|---------------|
| Wages and salaries ^{(a) (c)} | 12 333 | 11 511 |
| Superannuation – defined contribution plans ^(b) | 1 111 | 1 080 |
| | 13 444 | 12 591 |

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.

(b) Defined contribution plans include West State, Gold State, GESB and other eligible funds.

(c) See note 2 (s) 'Comparative Figures' for details of a change in presentation for salary recoups for staff on secondment at other agencies

Employment on-costs expenses, such as workers' compensation insurance, are included at note 9 'Other expenses'.

Employment on-costs liability is included at note 22 'Provisions'.

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

Note 6. Supplies and services

| | | |
|------------------------------|--------------|--------------|
| Contracted audit work | 4 323 | 4 885 |
| Other services and contracts | 667 | 586 |
| Other staffing costs | 244 | 347 |
| Repairs and maintenance | 370 | 310 |
| Travel and accommodation | 244 | 258 |
| Administration | 202 | 204 |
| Consumables | 190 | 186 |
| Lease expenses | 123 | 147 |
| Communications | 102 | 123 |
| Advertising | 11 | 7 |
| Other | 6 | 126 |
| | 6 482 | 7 179 |

Note 7. Depreciation and amortisation expense

Depreciation

| | | |
|-------------------------------|------------|------------|
| Plant and equipment | – | 12 |
| Office and computer equipment | 404 | 340 |
| Total depreciation | 404 | 352 |

Amortisation

| | | |
|--|------------|------------|
| Intangible assets | 54 | 34 |
| Total amortisation | 54 | 34 |
| Total depreciation and amortisation | 458 | 386 |

Notes to the Financial Statements

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

Note 8. Accommodation expenses

| | | |
|-------------------------------------|--------------|--------------|
| Office lease rentals ^(a) | 1 609 | 1 228 |
| Office parking | 64 | 107 |
| Monthly outgoings | 384 | 316 |
| | 2 057 | 1 651 |

(a) Refer to note 26 'Commitments'.

Note 9. Other expenses

| | | |
|---------------------|-----------|-----------|
| Employment on-costs | 24 | 24 |
| Audit fee | 34 | 34 |
| | 58 | 58 |

Note 10. User charges and fees

| | | |
|------------|---------------|---------------|
| Audit fees | 15 467 | 16 006 |
| | 15 467 | 16 006 |

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

Note 11. Net gain/(loss) on disposal of non-current assets

Proceeds from disposal of non-current assets

| | | |
|---------------------|---|---|
| Plant and equipment | — | — |
|---------------------|---|---|

Costs of disposal of non-current assets

| | | |
|------------------------|----------|-------------|
| Plant and equipment | — | (10) |
| Net gain/(loss) | — | (10) |

Note 12. Other revenue

| | | |
|--|-----------|-----------|
| Contributions for the use of motor vehicle | 21 | 22 |
| Miscellaneous ^(a) | 1 | 39 |
| | 22 | 61 |

(a) See note 2 (s) 'Comparative Figures' for details of a change in presentation for salary recoups for staff on secondment at other agencies.

Notes to the Financial Statements

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

Note 13. Income from State Government

Appropriation received during the period:

| | | |
|--------------------------------------|--------------|--------------|
| Service appropriation ^(a) | 6 665 | 5 864 |
| | 6 665 | 5 864 |

Services received free of charge from other
State government agencies during the period:^(b)

| | | |
|--------------------------|--------------|--------------|
| State Solicitor's Office | 19 | 24 |
| Department of Finance | 451 | 209 |
| | 470 | 233 |
| | 7 135 | 6 097 |

(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the budgeted depreciation expense for the year and any agreed increase in leave liabilities during the year.

(b) Assets or services received free of charge or for nominal cost are recognised as revenues at the fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.

Note 14. Restricted cash and cash equivalents

Non-current

| | | |
|--|------------|------------|
| Accrued salaries suspense account ^(a) | 467 | 326 |
| | 467 | 326 |

(a) Funds held in the suspense account for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

Note 15. Receivables

Current

| | | |
|----------------------|--------------|--------------|
| Accrued revenue | 6 800 | 6 738 |
| GST receivable | — | — |
| Receivable | 387 | 290 |
| Salary over-payments | 24 | — |
| Total current | 7 211 | 7 028 |

Note 16. Amounts receivable for services (Holding Account)

| | | |
|-------------|--------------|--------------|
| Current | 297 | 297 |
| Non-current | 1 339 | 995 |
| | 1 636 | 1 292 |

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

Notes to the Financial Statements

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

Note 17. Other assets

Current

| | | |
|----------------------|------------|------------|
| Prepayments | 282 | 114 |
| Total current | 282 | 114 |

Note 18. Property, plant and equipment

Plant and equipment

| | | |
|-------------------------------|----------|----------|
| At cost | — | — |
| Accumulated depreciation | — | — |
| Accumulated impairment losses | — | — |
| | — | — |

Office and computer equipment

| | | |
|-------------------------------|------------|------------|
| At cost | 1 519 | 1 260 |
| Accumulated depreciation | (985) | (581) |
| Accumulated impairment losses | — | — |
| | 534 | 679 |
| | 534 | 679 |

Reconciliations of the carrying amounts of property, plant, and equipment at the beginning and end of the reporting period are set out in the table below.

| | Plant and Equipment \$000 | Office and Computer Equipment \$000 | Total \$000 |
|---|---------------------------------|--|----------------|
| 2013 | | | |
| Carrying amount at start of period | — | 679 | 679 |
| Additions | — | 259 | 259 |
| Depreciation | — | (404) | (404) |
| Carrying amount at end of period | — | 534 | 534 |
| 2012 | | | |
| Carrying amount at start of period | 15 | 504 | 519 |
| Additions | — | 522 | 522 |
| Disposals | (3) | (7) | (10) |
| Depreciation | (12) | (340) | (352) |
| Carrying amount at end of period | — | 679 | 679 |

Notes to the Financial Statements

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

Note 19. Intangible assets

Computer software

| | | |
|--------------------------------|------------|-----------|
| At cost | 928 | 737 |
| Accumulated amortisation | (724) | (670) |
| Total intangible assets | 204 | 67 |

Reconciliations:

Computer software

| | | |
|---|------------|-----------|
| Carrying amount at start of period | 67 | 48 |
| Additions | 191 | 53 |
| Amortisation expense | (54) | (34) |
| Carrying amount at end of period | 204 | 67 |

Note 20. Impairment of assets

There were no indications of impairment to property, plant and equipment or intangible assets at 30 June 2013.

The Office held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

Note 21. Payables

Current

| | | |
|---|--------------|--------------|
| Accrued expenses ^(a) | 205 | 166 |
| Accrued salaries | 313 | 306 |
| Paid parental leave | 2 | 2 |
| GST payable | — | — |
| Salary under-payments | 6 | — |
| Work in progress contractor audit work ^(a) | 710 | 649 |
| Total current | 1 236 | 1 123 |

(a) See note 2 (s) 'Comparative Figures' for details of a change in presentation for work-in-progress invoices from audit contractors.

Notes to the Financial Statements

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

Note 22. Provisions

Current

Employee benefits provision

| | | |
|---------------------------------------|--------------|--------------|
| Annual leave ^(a) | 1 242 | 1 025 |
| Long service leave ^(b) | 1 302 | 1 226 |
| Purchased leave ^(c) | 61 | 21 |
| Deferred salary scheme ^(d) | 40 | 116 |
| | 2 645 | 2 388 |

Other provisions

| | | |
|------------------------------------|--------------|--------------|
| Employment on-costs ^(d) | 11 | 10 |
| | 11 | 10 |
| | 2 656 | 2 398 |

Non-current

Employee benefits provision

| | | |
|-----------------------------------|------------|------------|
| Long service leave ^(b) | 789 | 608 |
| | 789 | 608 |

Other provisions

| | | |
|------------------------------------|------------|------------|
| Employment on-costs ^(e) | 3 | 2 |
| | 3 | 2 |
| | 792 | 610 |

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

- (a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

| | | |
|---|--------------|--------------|
| Within 12 months of the end of the reporting period | 1 133 | 935 |
| More than 12 months after the end of the reporting period | 109 | 90 |
| | 1 242 | 1 025 |

- (b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

| | | |
|---|--------------|--------------|
| Within 12 months of the end of the reporting period | 419 | 367 |
| More than 12 months after the end of the reporting period | 1 672 | 1 467 |
| | 2 091 | 1 834 |

Notes to the Financial Statements

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

- (c) Purchased leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:

| | | |
|---|-----------|-----------|
| Within 12 months of the end of the reporting period | 61 | 21 |
| More than 12 months after the end of the reporting period | — | — |
| | 61 | 21 |

- (d) Deferred salary scheme liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:

| | | |
|---|-----------|------------|
| Within 12 months of the end of the reporting period | — | 90 |
| More than 12 months after the end of the reporting period | 40 | 26 |
| | 40 | 116 |

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

- (e) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 9 'Other expenses'.

Movements in other provisions

Movements in each class of provisions during the period, other than employee benefits, are set out below.

Employment on-cost provision

| | | |
|---|-----------|-----------|
| Carrying amount at start of period | 12 | 13 |
| Additional/(reversals of) provisions recognised | 2 | (1) |
| Carrying amount at end of period | 14 | 12 |

Notes to the Financial Statements

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

Note 23. Equity

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

Contributed equity

| | | |
|----------------------------|-------|-------|
| Balance at start of period | 6 321 | 6 321 |
|----------------------------|-------|-------|

Contributions by owners

| | | |
|-----------------------|-----|---|
| Capital appropriation | 860 | – |
|-----------------------|-----|---|

Total contributions by owners

| | | |
|--------------------------|--------------|--------------|
| Balance at end of period | 7 181 | 6 321 |
|--------------------------|--------------|--------------|

Accumulated surplus

| | | |
|----------------------------|-------|-----|
| Balance at start of period | 1 133 | 844 |
|----------------------------|-------|-----|

| | | |
|-----------------------|-----|-----|
| Result for the period | 125 | 289 |
|-----------------------|-----|-----|

| | | |
|--------------------------|--------------|--------------|
| Balance at end of period | 1 258 | 1 133 |
|--------------------------|--------------|--------------|

| | | |
|-------------------------------|--------------|--------------|
| Total Equity at end of period | 8 439 | 7 454 |
|-------------------------------|--------------|--------------|

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

Note 24. 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:

| | | |
|--|-------|-------|
| Cash and cash equivalents | 2 789 | 2 079 |
| Restricted cash and cash equivalents (note 14 'Restricted cash and cash equivalents') | 467 | 326 |

| | | |
|--|--------------|--------------|
| | 3 256 | 2 405 |
|--|--------------|--------------|

Notes to the Financial Statements

PEOPLE ASSURANCE ATTEST CONTROLS AUDITING EXCELLENCE TRANSPARENCY STATEMENTS KEY

| | 2013 \$000 | 2012 \$000 |
|---|----------------|----------------|
| Reconciliation of net cost of services to net cash flows provided by/ (used in) operating activities | | |
| Net cost of services | (7 010) | (5 808) |
| Non-cash items | | |
| Depreciation and amortisation expense (<i>note 7 'Depreciation and amortisation expense'</i>) | 458 | 386 |
| Services received free of charge (<i>note 13 'Income from State Government'</i>) | 470 | 233 |
| Net (gain)/loss on disposal of property, plant and equipment (<i>note 11 'Net gain/(loss) on disposal of non-current assets'</i>) | – | 10 |
| (Increase)/decrease in assets | | |
| Current receivables ^(a) | (371) | (1 217) |
| (Increase)/decrease in liabilities | | |
| Current payables ^(a) | 113 | 58 |
| Current provisions | 258 | 612 |
| Non-current provisions | 182 | (294) |
| Net GST receipts/(payments) ^(b) | – | – |
| Change in GST in receivables/payables ^(c) | 21 | 245 |
| Net cash provided by/(used in) operating activities | (5 879) | (5 775) |

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received, i.e. cash transactions.

(c) This reverses out the GST in receivables and payables.

| | 2013 \$000 | 2012 \$000 |
|---|---------------|---------------|
| Note 25. Services provided free of charge | | |
| During the year audit services were provided by the Office free of charge to the following departments, statutory authorities and request audits: | | |
| Agricultural Practices Board | 2 | – |
| Department of Housing | 12 | – |
| Landcare Trust | 1 | – |
| South Caroling Cemetery | – | 3 |
| State Supply Commission | 1 | – |
| Western Australian Building Management Authority | 3 | – |
| | 19 | 3 |

Note 26. Commitments

Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

| | | |
|--|--------------|--------------|
| Within 1 year | 2 159 | 1 612 |
| Later than 1 year and not later than 5 years | 2 191 | 3 220 |
| Later than 5 years | – | – |
| | 4 350 | 4 832 |

Notes to the Financial Statements

The Office has entered into a memorandum of understanding with the Department of Finance's Building Management and Works division for leasing floor space at Albert Facey House. The memorandum of understanding is not a legally binding agreement, however, it has been agreed that all parties will comply with the terms and conditions as if they were legally enforceable obligations. The memorandum of understanding covers a three year occupancy period with an option to renew occupancy for an additional three years. Rent is payable monthly in arrears. Contingent rent provisions within the memorandum of understanding require that the minimum lease payments shall be increased by 3.5 per cent in 2014-15 and by market indices each financial year thereafter.

Other expenditure commitments

The commitments below are inclusive of GST where relevant.

Audit services contracted through private sector audit firms at the end of the reporting period but not recognised as liabilities, are payable as follows:

| | | |
|--|--------------|-------------|
| Within 1 year | 2 566 | 2 657 |
| Later than 1 year and not later than 5 years | 994 | 939 |
| Later than 5 years | — | — |
| | 3 560 | 3596 |

Note 27. Events occurring after the end of the reporting period

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

Note 28. Explanatory statement

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Account Appropriations and Income Estimates' are shown below. Significant variations are considered to be those greater than 10% or \$250 000.

Total appropriations provided to deliver services

Significant variances between actual results for 2013 and 2012

| | 2013 \$000 | 2012 \$000 | Variance \$000 |
|--|---------------|---------------|-------------------|
| Total appropriation provided to deliver services | 6 665 | 5 864 | 801 |

The variance in the total appropriation provided to deliver services for the period was mainly due to a correction of the Office's budget as a result of the move to net appropriation, Albert Facey House accommodation lease adjustments and accrual appropriation adjustments.

Notes to the Financial Statements

Service expenditure

Significant variances between estimate and actual for 2013

| | 2013 Estimate \$000 | 2013 Actual \$000 | Variance \$000 |
|------------------------|---------------------------|-------------------------|-------------------|
| Total cost of services | 22 017 | 22 499 | 482 |

The variance in the total cost of services was primarily due to an increase in accommodation resources received free of charge from Department of Finance, an increase in information systems audit contracts and an increase in consultants expense for ongoing information and communications technology projects.

Significant variances between actual results for 2013 and 2012

| | 2013 \$000 | 2012 \$000 | Variance \$000 |
|------------------------|---------------|---------------|-------------------|
| Total cost of services | 22 499 | 21 875 | 624 |
| Total income | (15 489) | (16 067) | 578 |

The variance in total cost of services was primarily due to an increase in salary expense as a result of increased recruitment and salary award increases. An increase in accommodation resources received free of charge from the Department of Finance also contributed to the variance in total cost of services. The variance in total income was predominantly due to a decrease in audit fees resulting from lower than expected work-in-progress. This also matches a decrease in audit contractor expenses.

Capital contribution

Significant variances between actual results for 2013 and 2012

| | 2013 \$000 | 2012 \$000 | Variance \$000 |
|----------------------|---------------|---------------|-------------------|
| Capital contribution | 860 | – | 860 |

The variance in capital contribution was due to no capital contribution being received in 2011-12. Capital purchases in 2011-12 were funded through amounts receivable for services (drawdowns from holding account) in addition to internal cash balances.

Note 29. Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Office are cash and cash equivalents, restricted cash and cash equivalents, receivables and payables. The Office has limited exposure to financial risks. The Office's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Office's receivables defaulting on their contractual obligations resulting in financial loss to the Office.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for

Notes to the Financial Statements

impairment as shown in the table at note 29(c) '*Financial instruments disclosures*' and note 15 '*Receivables*'.

Credit risk associated with the Office's financial assets is minimal because the main receivables are the amounts receivable for services (holding account) and audit receivables. The Office does not have any significant credit risks as services are provided only to government agencies. In addition, receivable balances are monitored on an ongoing basis with the result that the Office's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk, other than in respect of government agencies.

Liquidity risk

Liquidity risk arises when the Office is unable to meet its financial obligations as they fall due.

The Office is exposed to liquidity risk through its trading in the normal course of business.

The Office has appropriate procedures to manage cash flows including drawdown of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign

exchange rates and interest rates will affect the Office's income or the value of its holdings of financial instruments. The Office does not trade in foreign currency and is not materially exposed to other price risks. The Office is not exposed to interest rate risk because all cash and cash equivalents are non-interest bearing and the Office has no borrowings.

(b) Categories of 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:

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
| Financial Assets | | |
| Cash and cash equivalents | 2 789 | 2 079 |
| Restricted cash and cash equivalents | 467 | 326 |
| Loans and receivables ^(a) | 8 847 | 8 320 |
| | 12 103 | 10 725 |
| Financial Liabilities | | |
| Financial liabilities measured at amortised cost | 1 236 | 1 123 |
| | 1 236 | 1 123 |

(a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable).

Notes to the Financial Statements

(c) Financial instrument disclosures

Credit risk

The following table details the Office's maximum exposure to credit risk and the ageing analysis of financial assets. The Office's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Office.

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

Ageing analysis of financial assets

| | Carrying Amount \$000 | Not past due and not impaired \$000 | Past due but not impaired | | | | | Impaired financial assets \$000 |
|--------------------------------------|--------------------------|--|---------------------------|---------------------|-----------------------------|--------------------|----------------------------|------------------------------------|
| | | | Up to 1 month \$000 | 1-3 months \$000 | 3 months to 1 year \$000 | 1-5 years \$000 | More than 5 years \$000 | |
| 2013 | | | | | | | | |
| Cash and cash equivalents | 2 789 | 2 789 | — | — | — | — | — | — |
| Restricted cash and cash equivalents | 467 | 467 | — | — | — | — | — | — |
| Receivables ^(a) | 7 211 | 6 863 | 294 | — | 54 | — | — | — |
| Amounts receivable for services | 1 636 | 1 636 | — | — | — | — | — | — |
| | 12 103 | 11 755 | 294 | — | 54 | — | — | — |
| 2012 | | | | | | | | |
| Cash and cash equivalents | 2 079 | 2 079 | — | — | — | — | — | — |
| Restricted cash and cash equivalents | 326 | 326 | — | — | — | — | — | — |
| Receivables ^(a) | 7 028 | 6 781 | 236 | — | — | 11 | — | — |
| Amounts receivable for services | 1 292 | 1 292 | — | — | — | — | — | — |
| | 10 725 | 10 478 | 236 | — | — | 11 | — | — |

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

Notes to the Financial Statements

Liquidity risk and interest rate exposure

The following table details the Office's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

| | Weighted Average Effective Interest Rate % | Carrying Amount \$000 | Interest rate exposure | | | Nominal Amount \$000 | Maturity dates | | | | |
|--------------------------------------|---|-----------------------------|---------------------------------|------------------------------------|--------------------------------------|----------------------------|---------------------------|------------------------|--------------------------------|--------------------|----------------------------------|
| | | | Fixed interest rate \$000 | Variable interest rate \$000 | Non- interest bearing \$000 | | Up to 1 month \$000 | 1-3 months \$000 | 3 months to 1 year \$000 | 1-5 years \$000 | More than 5 years \$000 |
| 2013 | | | | | | | | | | | |
| Financial assets | | | | | | | | | | | |
| Cash and cash equivalents | – | 2 789 | – | – | 2 789 | 2 789 | 2 789 | – | – | – | – |
| Restricted cash and cash equivalents | – | 467 | – | – | 467 | 467 | – | – | – | 467 | – |
| Receivables ^(a) | – | 7 211 | – | – | 7 211 | 7 211 | 7 211 | – | – | – | – |
| Amounts receivable for services | – | 1 636 | – | – | 1 636 | 1 636 | – | 297 | – | 1 339 | – |
| | | 12 103 | – | – | 12 103 | 12 103 | 10 000 | 297 | – | 1 806 | – |
| Financial liabilities | | | | | | | | | | | |
| Payables | – | 1 236 | – | – | 1 236 | 1 236 | 1 236 | – | – | – | – |
| | | 1 236 | – | – | 1 236 | 1 236 | 1 236 | – | – | – | – |

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

Notes to the Financial Statements

Interest rate exposure and maturity analysis of financial assets and financial liabilities

| | Weighted Average Effective Interest Rate % | Carrying Amount \$000 | Interest rate exposure | | | Nominal Amount \$000 | Maturity dates | | | | |
|--------------------------------------|---|-----------------------------|---------------------------------|------------------------------------|--------------------------------------|----------------------------|---------------------------|------------------------|--------------------------------|--------------------|-------------------------------|
| | | | Fixed interest rate \$000 | Variable interest rate \$000 | Non- interest bearing \$000 | | Up to 1 month \$000 | 1-3 months \$000 | 3 months to 1 year \$000 | 1-5 years \$000 | More than 5 years \$000 |
| 2012 | | | | | | | | | | | |
| Financial assets | | | | | | | | | | | |
| Cash and cash equivalents | – | 2 079 | – | – | 2 079 | 2 079 | 2 079 | – | – | – | – |
| Restricted cash and cash equivalents | – | 326 | – | – | 326 | 326 | – | – | – | 326 | – |
| Receivables ^(a) | – | 7 028 | – | – | 7 028 | 7 028 | 7 028 | – | – | – | – |
| Amounts receivable for services | – | 1 292 | – | – | 1 292 | 1 292 | – | 297 | – | 995 | – |
| | | 10 725 | – | – | 10 725 | 10 725 | 9 107 | 297 | – | 1 321 | – |
| Financial liabilities | | | | | | | | | | | |
| Payables | – | 1 123 | – | – | 1 123 | 1 123 | 1 123 | – | – | – | – |
| | | 1 123 | – | – | 1 123 | 1 123 | 1 123 | – | – | – | – |

Interest rate sensitivity analysis

The Office has no financial assets or financial liabilities for which a change in interest rates would have an impact on the surplus for the period and equity.

Fair values

All financial assets and liabilities recognised in the Statement of Financial Position are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Notes to the Financial Statements

Note 30. Remuneration of senior officers

The number of senior officers whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

| \$ | 2013 | 2012 |
|--|--------------|--------------|
| 170,001 – 180,000 | – | 2 |
| 180,001 – 190,000 | – | 1 |
| 190,001 – 200,000 | 2 | – |
| 200,001 – 210,000 | 1 | 1 |
| 230,001 – 240,000 | – | 1 |
| 240,001 – 250,000 | 1 | 1 |
| 250,001 – 260,000 | 1 | – |
| 280,001 – 290,000 | 1 | – |
| 380,001 – 390,000 | – | 1 |
| 420,001 – 430,000 | 1 | – |
| | \$000 | \$000 |
| Base remuneration and superannuation | 1 487 | 1 418 |
| Annual leave and long service leave accruals | 89 | (4) |
| Other benefits | 229 | 197 |
| Total remuneration of senior officers | 1 805 | 1 611 |

The total remuneration includes the superannuation expense incurred by the Office in respect of senior officers.

| | |
|-------|-------|
| 2013 | 2012 |
| \$000 | \$000 |

Note 31. Remuneration of auditor

An independent auditor is appointed by the Governor under section 38(2) of the *Auditor General Act* 2006 to audit the accounts, financial statements and performance indicators of the Office with the fee being paid by this Office. Remuneration in respect of the audit for the current financial year is as follows:

| | | |
|--|-----------|-----------|
| Auditing the accounts, financial statements and key performance indicators | 38 | 37 |
| | 38 | 37 |

Note 32. Related bodies

The Office did not have any related bodies during the financial year.

Note 33. Affiliated bodies

The Office did not have any affiliated bodies during the financial year.

Note 34. Special purpose accounts

The Office did not have any special purpose accounts at the end of the financial year.

Notes to the Financial Statements

| | 2013 \$000 | 2012 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

Note 35. Supplementary financial information

(a) Write-offs

During the financial year, nil (2012: nil) was written off the Office's asset register under the authority of:

| | | |
|---------------------------|-------|-------|
| The Accountable Authority | — | — |
| The Minister | — | — |
| Executive Council | — | — |
| | <hr/> | <hr/> |
| | — | — |

(b) Losses through theft, defaults and other causes

| | | |
|---|-------|-------|
| Losses of public money and public and other property through theft or default | — | — |
| Amounts recovered | — | — |
| | <hr/> | <hr/> |
| | — | — |

(c) Gifts of public property

| | | |
|---|-------|-------|
| Gifts of public property provided by the Office | — | — |
| | <hr/> | <hr/> |
| | — | — |

Certification of Performance Indicators

for the year ended 30 June 2013

PROCEDURES METHODOLOGY FACTS FIGURES QUALITY AUDIT AUDITORS FINANCE PERFORMANCE

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Office of the Auditor General's performance, and fairly represent the performance of the Office for the financial year ended 30 June 2013.



COLIN MURPHY FCPA FCA
ACCOUNTABLE AUTHORITY
5 August 2013

Performance Indicators

Performance Indicators

The Office of the Auditor General exists to serve the public interest by providing Parliament with independent and impartial information regarding public sector accountability and performance. This Office reports directly to Parliament and ultimately the people of Western Australia.

Our desired outcome, ‘an informed Parliament on public sector accountability and performance’, is consistent with the government goal Financial and Economic Responsibility – *Responsibly managing the State’s finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector.*

Key Effectiveness Performance Indicators

The key effectiveness performance indicator is:

The extent that the Office of the Auditor General is effective in informing Parliament about public sector accountability and performance, measured by the number of tabled reports against targets for each of the following categories of subject matter.

- Service delivery
- Economic development
- Social and environment
- Governance

Table 19 shows our actual result for the preceding three years, and our performance against the 2012-13 target.

A crucial element of this key performance indicator is the establishment of a three year target for each category of report. A new three year target has been established for the period 2012-13 to 2015-16. While the Office aims to meet its report targets, we are also concerned with the quality of our reports and will not sacrifice this requirement in order to achieve a quantitative measure

| Report Type | 2009-10 Actual | 2010-11 Actual | 2011-12 Actual | 2012-13 Target | 2012-13 Actual | Target over 3 years |
|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------------|
| Service delivery | 3 | 2 | 4 | 5 | 4 | 13 |
| Economic development | 2 | 1 | 1 | 2 | 2 | 8 |
| Social and environment | 1 | 2 | 2 | 4 | 3 | 9 |
| Governance | 14 | 10 | 17 | 14 | 15 | 45 |
| Year Total | 20 | 15 | 24 | 25 | 24 | 75 |

Table 19

Our topic selection process aims to provide Parliament with advice and assurance across all four categories of public sector activity. Our targets are one factor in our selection of topics. Other factors include the significance of identified issues and regards for matters referred to us by Parliament. For this reason, our category targets may not always be met in any one year.

Performance Indicators

Key Efficiency Performance Indicators

The key efficiency performance indicators measure the overall efficiency in delivering the Office's service 'Public sector auditing'.

Our key efficiency performance indicators are:

- Total audit cost per million dollars of gross government expenditure
- Attest (annual assurance) audit cost per million dollars of gross government expenditure
- Performance audit cost per million dollars of gross government expenditure.

The gross government expenditure value incorporates total public sector expenditure together with expenditure by universities, superannuation boards and other entities whose expenditure is not reported within total government expenditure.

The audit costs used to calculate the key efficiency indicators are extracted from the Office's Financial Management Information System. The proportion of total cost assigned to attest and performance audits is based on recorded direct hours charged to audits and an activity based allocation of Office overhead. The estimated actual total public sector expenditure from the Government Mid-Year Financial Projections Statement is used rather than actual total public sector expenditure as the actual results are not available at the time these key performance indicators are produced. The estimated actual is considered a reasonable estimate of actual total public sector expenditure.

Additional expenditure information to enable gross government expenditure to be calculated is sourced from annual reports of the universities (who report on a calendar year) or direct from the relevant agency.

| Efficiency Indicator | 2008-09 Actual \$m | 2009-10 Actual \$m | 2010-11 Actual \$m | 2011-12 Actual \$m | 2012-13 Actual \$m | 2012-13 Target \$m |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Total audit cost per \$m of gross government expenditure | 579 | 519 | 509 | 516 | 497 | 482 |
| Attest (annual assurance) audit cost per \$m of gross government expenditure | 434 | 389 | 382 | 387 | 373 | 362 |
| Performance audit cost per \$m of gross government expenditure | 145 | 130 | 127 | 129 | 124 | 120 |

Table 20

The decreased audit costs per million dollars of gross government expenditure in 2012-13 arose because the Office's expenditure increased at a lower proportional rate than government expenditure. Office expenditure increased by 2.8 per cent during 2012-13, primarily due to higher salary and accommodation costs. Conversely, government expenditure increased by 3.5 per cent over last year's figure.