

**Office of the Commissioner for Public Sector
Employment
(OCPSE)**

Financial Statements

For the year ended 30 June 2020

Office of the Commissioner for Public Sector Employment
Certification of the Financial Statements
for the year ended 30 June 2020

We certify that the attached general purpose financial statements for the Office of the Commissioner for Public Sector Employment:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Office of the Commissioner for Public Sector Employment; and
- present a true and fair view of the financial position of the Office of the Commissioner for Public Sector Employment as at 30 June 2020 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Office of the Commissioner for Public Sector Employment for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Erma Ranieri
Chief Executive
Office of the Commissioner for Public Sector
Employment

29 September 2020



Les Jones
**Director, Financial Services, Organisation
and Governance**

Department of Treasury and Finance
29 September 2020

Office of the Commissioner for Public Sector Employment
Statement of Comprehensive Income
for the year 30 June 2020

	Note	2020 \$'000	2019 \$'000
<u>Income</u>			
Intra-government transfers	2.1	4 256	12 608
Fees and charges	2.2	4 594	4 925
Resources received free of charge	2.3	47	137
Other income		1	43
Total income		8 898	17 713
<u>Expenses</u>			
Employee benefits expenses	3.3	8 889	8 273
Supplies and services	4.1	4 312	4 376
Depreciation and amortisation	5.1	5	-
Other expenses	4.2	267	479
Total expenses		13 473	13 128
Net result		(4 575)	4 585
Total comprehensive result		(4 575)	4 585

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

Office of the Commissioner for Public Sector Employment
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
<u>Current assets</u>			
Cash and cash equivalents	6.1	2 375	7 602
Receivables	6.2	545	779
Total current assets		2 920	8 381
<u>Non-current assets</u>			
Receivables	6.2	1	1
Property, plant and equipment	5.1	1	-
Total non-current assets		2	1
Total assets		2 922	8 382
<u>Current liabilities</u>			
Payables	7.1	796	1 635
Employee benefits	3.4	1 095	1 134
Provisions	7.2	18	16
Financial liabilities	7.3	1	-
Total current liabilities		1 910	2 785
<u>Non-current liabilities</u>			
Payables	7.1	155	156
Employee benefits	3.4	1 679	1 701
Provisions	7.2	38	25
Total non-current liabilities		1 872	1 882
Total liabilities		3 782	4 667
Net assets		(860)	3 715
<u>Equity</u>			
Retained earnings		(860)	3 715
Total equity		(860)	3 715

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

Office of the Commissioner for Public Sector Employment
Statement of Changes in Equity
for the year ended 30 June 2020

	Note	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2018		-	-
Net assets transferred as a result of an administrative restructure		(870)	(870)
<u>Net result for 2018-19</u>		4 585	4 585
Total comprehensive result for 2018-19		4 585	4 585
Balance at 30 June 2019		3 715	3 715
<u>Net result for 2019-20</u>		(4 575)	(4 575)
Total comprehensive result for 2019-20		(4 575)	(4 575)
Balance at 30 June 2020		(860)	(860)

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

Office of the Commissioner for Public Sector Employment
Statement of Cash Flows
for the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities		
Cash inflows		
Intra-government transfers	4 256	12 608
Fees and charges	5 090	4 760
Other receipts	1	43
Cash generated from operations	<u>9 347</u>	<u>17 411</u>
Cash outflows		
Employee benefit payments	(8 912)	(8 210)
Payments for supplies and services	(5 475)	(4 075)
Other payments	(182)	-
Cash used in operations	<u>(14 569)</u>	<u>(12 285)</u>
Net cash provided by / (used in) operating activities	<u>(5 222)</u>	<u>5 126</u>
Cash flows from financing activities		
Cash inflows		
Cash received from restructures activities	-	2 476
Cash generated from financing activities	<u>-</u>	<u>2 476</u>
Cash outflow		
Repayment of leases	(5)	-
Cash used in financing activities	<u>(5)</u>	<u>-</u>
Net cash provided by / (used in) financing activities	<u>(5)</u>	<u>2 476</u>
Net increase / (decrease) in cash and cash equivalents	<u>(5 227)</u>	<u>7 602</u>
Cash and cash equivalents at the beginning of the reporting period	7 602	-
Cash and cash equivalents at the end of the reporting period	<u>2 375</u>	<u>7 602</u>

The accompanying notes form part of these financial statements.

Office of the Commissioner for Public Sector Employment

Notes to and forming part of financial statements

for the year ended 30 June 2020

1. About the Office of the Commissioner for Public Sector Employment

The Office of the Commissioner for Public Sector Employment (OCPSE) works to unlock the potential of the public sector so it is an employer of choice that delivers the best outcomes for the South Australian community. Its role is to optimise the workforce, transform, innovate and reform.

The OCPSE is established pursuant to the *Public Sector Act 2009* as an attached office to the Department of Treasury and Finance (DTF).

OCPSE is an administrative unit acting on behalf of the Crown. It does not control any other entity and has no interests in unconsolidated structured entities.

The financial statements and accompanying notes include all the controlled activities of OCPSE.

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards with reduced disclosure requirements.

For the 2019-20 financial statements OCPSE adopted AASB 16 – *Leases*. Further information is provided in note 9.1.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

1.2. Objectives and programs

OCPSE's objectives are to support the Commissioner for Public Sector Employment to undertake the statutory responsibilities under the *Public Sector Act 2009*, strengthen the capability of the public sector workforce to meet current and future needs and promote a culture of service and integrity across the public sector.

OCPSE provides the following programs for the South Australian Public Sector:

- Governance and advice – to support the Commissioner to fulfil their statutory requirements outlined in the *Public Sector Act 2009*
- HR Systems Transformation – to support the implementation of a HR systems capability to improve the efficiency and effectiveness of all employees across the SA Government
- Work, Health, Safety and Injury Management – to develop strategies to support agencies to achieve Work Health and Safety and Injury Management excellence across the sector

Office of the Commissioner for Public Sector Employment
Notes to and forming part of financial statements
for the year ended 30 June 2020

1.2. Objectives and programs (continued)

- South Australian Leadership Academy – to develop high performing and strategic leaders across the SA Government
- Performance management and development – to improve public sector performance through effective performance management and development
- Public Sector Innovation Lab – to promote the use of innovation to make government more efficient and effective for citizens and business of the State
- Workforce Transition Unit – to provide case management services for SA Government employees impacted by reforms taking place across the Sector
- Employment Programs – to increase the employment opportunities across the sector for graduates, trainees, people from an Aboriginal or Torres Strait Islander background, and people with disabilities
- I WORK FOR SA – Your Voice Survey – to obtain and act on SA Government employee’s feedback in relation to their work environment
- Employer Of Choice Program – to facilitate access to the benefits that are available to all SA Government employees associated with current Federal Legislation.

1.3. Significant transactions with government related entities

Transactions with the SA Government are identifiable throughout this financial report.

1.4. Impact of COVID-19 pandemic on the OCPSE

The COVID-19 pandemic has impacted on the operations of the OCPSE. The key impacts in 2019-20 were:

- Support for COVID-19 whole of sector HR Strategy
- Costs incurred to transition employees to be able to work from home
- Costs incurred to deliver the Mobilisation strategy for the sector

The estimated cost of impact attributable to COVID-19 is \$100 000.

2. Income

2.1. Intra-government transfers

	2020	2019
	\$'000	\$'000
Contributions from South Australian Government	4 163	8 043
Transfers from the Treasurer's Contingency Fund	93	605
Grants from Department of Innovation and Skills - Skilling SA project	-	3 865
Grants from SA Fire and Emergency Services Commission - Public sector mobilisation policy project	-	95
Total Intra-government transfers	4 256	12 608

Intra-government transfers are recognised on receipt.

Skilling SA project runs over 4 years. Actual costs incurred in 2019-20 are reflected in employee benefits expense and supplies and services.

Office of the Commissioner for Public Sector Employment
Notes to and forming part of financial statements
for the year ended 30 June 2020

2.2. Fees and charges

	2020	2019
	\$'000	\$'000
Work health safety injury management	1 429	1 395
Leadership development	625	1 283
Self insurance management system	1 368	641
SA Government salary sacrifice arrangements	653	622
I WORK FOR SA jobs board	350	341
Aboriginal employment	-	246
Flexibility for the future	-	159
Remuneration tribunal	-	51
Other fees and charges	169	187
Total fees and charges	4 594	4 925

Income from government agencies was received and recognised in 2018-19 for the establishment and commencement of the leadership development program. The program will operate over multiple years. Actual costs incurred in 2019-20 are reflected in employee benefit expense and supplies and services.

2.3. Resources received free of charge

	2020	2019
	\$'000	\$'000
Services received free of charge - DTF	47	137
Total resources received free of charge	47	137

Office of the Commissioner for Public Sector Employment
Notes to and forming part of financial statements
for the year ended 30 June 2020

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the OCPSE include the Treasurer, the Commissioner and two Executive members and those who act in these roles. The Executive team has responsibility for the strategic direction and management of the OCPSE.

The total compensation for key management personnel was \$1 006 000 in 2020 (2019: \$770 000).

The compensation disclosed in this note excludes salaries and other benefits the Treasurer receives. The Treasurer's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

Transaction with key management personnel and other related parties

There were no significant related party transactions identified.

3.2. Board and committee members

Members during the 2020 financial year were:

Risk and Performance Committee

Yvonne Sneddon (Chair)
 Anthony Mackay*
 Brenton Scoop* (expired on 15/11/2019)
 Kim Sherie-Summers*
 Christopher McSporrان*
 Eva Balan-Vnuk*
 Gill Duck (expired on 15/11/2019)
 Shelley Willsmore* (appointed on 09/09/2019)

Remuneration Tribunal of South Australia

John Lewin (President) (resigned on 29/02/2020)
 Matthew O'Callaghan (President) (appointed on 26/03/2020)
 Peter John Alexander
 Pamela Martin

Board and committee remuneration

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

	2020	2019
\$0 - \$19 999	9	7
\$20 000 - \$39 999	3	2
\$60 000 - \$79 999	-	1
Total number of members	12	10

The total remuneration received or receivable by members for the year was \$84 000 (2019: \$115 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

Amounts paid to a superannuation plan for board/committee members was \$7 000.

*In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

Office of the Commissioner for Public Sector Employment
Notes to and forming part of financial statements
for the year ended 30 June 2020

3.3. Employee benefits expenses

	2020	2019
	\$'000	\$'000
Salaries and wages	6 506	5 971
Targeted voluntary separation packages	92	494
Long service leave	180	223
Annual leave	648	418
Skills and experience retention leave	46	16
Employment on-costs - superannuation	875	741
Employment on-costs - other	401	363
Board and committee fees	78	104
Other employee related expenses	63	(57)
Total employee benefits expenses	8 889	8 273

Employment on-costs – superannuation

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

Executive remuneration

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

	2020	2019
	Number	Number
\$154 001 - \$174 000	1	1
\$174 001 - \$194 000	-	1
\$194 001 - \$214 000	1	2
\$254 001 - \$274 000	-	1
\$274 001 - \$294 000	2	-
\$434 001 - \$454 000	1	-
\$454 001 - \$474 000	-	1
Total	5	6

The total remuneration received by these employees for the year was \$1 364 000 (2019: \$1 473 000).

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

Targeted voluntary separation packages

The number of employees who received a TVSP during the reporting period was 2 (6).

	2020	2019
	\$'000	\$'000
Amounts paid to separated employees:		
Targeted Voluntary Separation Packages	92	494
Leave paid to separated employees	30	130
Recovery from the Department of Treasury and Finance	(92)	(494)
Net cost to the department	30	130

Office of the Commissioner for Public Sector Employment
Notes to and forming part of financial statements
for the year ended 30 June 2020

3.4. Employee benefits liability

	2020	2019
	\$'000	\$'000
<u>Current</u>		
Accrued salaries and wages	186	337
Annual leave	698	578
Long service leave	168	162
Skills and experience retention leave	43	57
Total current employee benefits	1 095	1 134
<u>Non-current</u>		
Long service leave	1 679	1 701
Total non-current employee benefits	1 679	1 701
Total employee benefits	2 774	2 835

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 11.1.

Office of the Commissioner for Public Sector Employment
Notes to and forming part of financial statements
for the year ended 30 June 2020

4. Expenses

Employee benefits expenses are disclosed in note 3.3.

4.1. Supplies and services

	2020	2019
	\$'000	\$'000
Contractors and temporary staff	1 389	1 431
General administration and consumables	833	1 019
Accommodation	570	624
Consultants	174	559
Information technology and communication charges	705	219
Sponsorship	2	147
Minor works, maintenance and equipment	20	106
Legal costs	165	69
Other	454	202
Total supplies and services	4 312	4 376

Accommodation

All of the OCPSE's accommodation is provided by the Department of Planning, Transport and Infrastructure under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. MoAA do not meet the definition of lease set out in AASB 16.

Consultants

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

	2020	2020	2019	2019
	Number	\$'000	Number	\$'000
Below \$10 000	3	6	4	17
\$10 000 or above	2	168	9	542
Total paid / payable to the consultants engaged	5	174	13	559

4.2. Other expenses

	2020	2019
	\$'000	\$'000
Reimbursement of SIMS cost paid by DPC	-	479
Reimbursement of course fees	267	-
Total other expenses	267	479

Office of the Commissioner for Public Sector Employment
Notes to and forming part of financial statements
for the year ended 30 June 2020

5. Non-Financial assets

5.1. Property, Plant and Equipment by asset class

	2020	2019
	\$'000	\$'000
Right-of-use vehicles		
Right-of-use vehicles at cost	6	-
Accumulated depreciation	(5)	-
Total right-of-use vehicles	<u>1</u>	<u>-</u>
Total property, plant and equipment	<u>1</u>	<u>-</u>

5.2. Property, Plant and Equipment leased by the OCPSE

Property, plant and equipment leased by the OCPSE is recorded at cost.

The OCPSE has 1 motor vehicle lease with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears.

Right-of-use vehicles are depreciated on a straight line basis over the lease term.

The leased liabilities related to the right of use assets are disclosed in note 7.3. Expenses related to leases, including depreciation are disclosed in note 5.1.

Office of the Commissioner for Public Sector Employment
Notes to and forming part of financial statements
for the year ended 30 June 2020

6. Financial assets

6.1. Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Deposits with the Treasurer - special deposit account	2 375	7 602
Total cash and cash equivalents	2 375	7 602

Deposits with the Treasurer

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

OCPSE does not earn interest on its deposits with the Treasurer.

6.2. Receivables

	2020	2019
	\$'000	\$'000
<u>Current</u>		
Trade receivables		
From government entities	40	561
From non-government entities	212	171
Total trade receivables	252	732
Accrued revenues	-	16
Prepayments	293	31
Total current receivables	545	779
<u>Non-current</u>		
Receivables	1	1
Total non-current receivables	1	1
Total receivables	546	780

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

Office of the Commissioner for Public Sector Employment
Notes to and forming part of financial statements
for the year ended 30 June 2020

7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1. Payables

	2020	2019
	\$'000	\$'000
<u>Current</u>		
Trade payables	14	16
Accrued expenses	626	1 487
Employment on-costs	156	132
Total current payables	796	1 635
<u>Non-current</u>		
Employment on-costs	155	156
Total non-current payables	155	156
Total payables	951	1 791

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

Employment on-costs

Employment on-costs include payroll tax and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

OCPSE makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to Superannuation Schemes.

As a result of an actuarial assessment performed by DTF, the proportion of long service leave taken as leave has increased from the 2019 rate (41%) to 42% in 2020 and the average factor for the calculation of employer superannuation cost on-costs has remained at 9.8% for both 2019 and 2020. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is immaterial.

Office of the Commissioner for Public Sector Employment
Notes to and forming part of financial statements
for the year ended 30 June 2020

7.2. Provisions

	2020	2019
	\$'000	\$'000
<u>Current</u>		
Provision for workers compensation	18	16
Total current provisions	18	16
<u>Non-current</u>		
Provision for workers compensation	38	25
Total non-current provisions	38	25
Total provisions	56	41

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment provided by an external consultancy for the outstanding liability as at 30 June 2020. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

OCPSE is responsible for the payment of workers compensation claims.

7.3. Financial liabilities

	2020	2019
	\$'000	\$'000
Current		
Lease liabilities	1	-
Total current financial liabilities	1	-
Total financial liabilities	1	-

8. Other disclosures

8.1. Cash flow

The Department of Treasury and Finance prepares the Business Activity Statement on behalf of OCPSE under the grouping provisions of the GST legislation. Under these provisions, DTF is liable for payments and entitled to receipts associated with GST. GST cash flows applicable to OCPSE are recorded in DTF's Statement of Cash Flows.

Office of the Commissioner for Public Sector Employment
Notes to and forming part of financial statements
for the year ended 30 June 2020

9. Changes in accounting policy

9.1. AASB 16 Leases

AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 *Leases* replaces AASB 117 *Leases* and related interpretations.

The adoption of AASB 16 *Leases* from 1 July 2019 resulted adjustments to the amounts recognised from a lessee perspective in the financial statements:

- AASB 117 *Leases* only required the recognition of an asset and lease liability in relation to finance leases. AASB 16 *Leases* applies a comprehensive model to all leases. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position.
- AASB 117 *Leases* resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 *Leases* largely replaces this with depreciation expenses that represents the use of the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

The OCPSE disclosed in its 2018-19 financial report total undiscounted operating lease commitments of \$557 000 under AASB 117.

The OCPSE has accommodation services provided by the Department of Planning, Transport and Infrastructure (DPTI) under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies.

These MoAA do not meet the definition of lease set out either in AASB 16 or in the former standard AASB 117. Accordingly, the 2018-19 undiscounted operating lease commitments should have been disclosed as \$6 000 under AASB 117. There is no material difference between the revised operating lease commitments when discounted and the financial liabilities recognised as at 1 July 2019.

Commitments related to accommodation services provided by DPTI are included in Note 10.1.

9.2. AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

The adoption of AASB 15 and AASB 1058 has been assessed and there is no impact on the office.

9.3. Presentation of Financial Statements

Treasurer's Instructions (Accounting Policy Statements) issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the OCPSE. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

Office of the Commissioner for Public Sector Employment
Notes to and forming part of financial statements
for the year ended 30 June 2020

10. Outlook

10.1. Unrecognised contractual commitments

Commitments include operating and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Operating lease commitments

At the reporting date, the OCPSE has an operating lease for a motor vehicle.

Motor vehicles are leased from SA Government Financing Authority through their agent LeasePlan, these leases are non-cancellable with terms of 3 years.

Commitments in relation to operating leases contracted for at the reporting date are payable as follows:

	2020	2019
	\$'000	\$'000
Within one year	1	5
Later than one year but not later than five years	-	1
Total operating lease commitments	1	6

Expenditure commitments

	2020	2019
	\$'000	\$'000
Within one year	246	325
Later than one year but not later than five years	-	232
Total expenditure commitments	246	557

The OCPSE's expenditure commitments are for agreements for:

- Memoranda of Administrative Arrangements with the Department of Planning, Transport and Infrastructure for accommodation.

Other commitments

The OCPSE's other commitments are primarily agreements for actuarial services and software services.

	2020	2019
	\$'000	\$'000
Within one year	858	471
Later than one year and not later than five years	2 308	638
Total other commitments	3 166	1 109

Office of the Commissioner for Public Sector Employment
Notes to and forming part of financial statements
for the year ended 30 June 2020

10.2. Contingent assets and liabilities

South Australian Government Salary Sacrifice Agreement

In March 2012, the Government entered into a salary sacrificing agreement with Maxxia Pty Ltd. The agreement allows the Minister or his delegate to withdraw up to a total of \$10 million when an unconditional financial undertaking is present to fund any interim measures to avoid disruption to the salary sacrifice arrangements provided to employees. The financial undertaking is in place until 30 June 2023

10.3. Events after the reporting period

There were no events occurring after the end of the reporting period that had a material financial implication on the financial statements.

11. Measurement and risk

11.1. Long service leave liability - measurement

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by DTF has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in measurement of the long service liability. The yield on long-term Commonwealth Government bonds has decreased from 2019 (1.25%) to 2020 (0.75%).

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$134 000 and employee benefits expense of \$134 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by DTF has decreased the salary inflation rate from 4% to 2.5% for long service leave liability.

11.2. Financial instruments

Financial risk management

The OCPSE's risk management policies are in accordance with *the Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

OCPSE's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Liquidity risk

OCPSE is funded principally from appropriation by the SA Government. OCPSE works with DTF to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to note 7.1 for further information.

Office of the Commissioner for Public Sector Employment
Notes to and forming part of financial statements
for the year ended 30 June 2020

11.2. Financial instruments (continued)

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset/ financial liability note.

Classification of financial instruments

OCPSE measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2020 Carrying amount / fair value \$'000	2019 Carrying amount / fair value \$'000
<u>Financial assets</u>			
Cash and cash equivalents	6.1	2 375	7 602
Financial assets at amortised cost			
Receivables	6.2	253	749
Total financial assets		2 628	8 351
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Payables	7.1	541	1 404
Lease liabilities	7.3	1	-
Total financial liabilities		542	1 404

Receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore, in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chief Executive Office of the Commissioner for Public Sector Employment

Opinion

I have audited the financial report of the Office of the Commissioner for Public Sector Employment for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Office of the Commissioner for Public Sector Employment as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with the relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- Notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive of the Office of the Commissioner for Public Sector Employment and the Director, Financial Services, Organisation and Governance of the Department of Treasury and Finance.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Office of the Commissioner for Public Sector Employment. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) have been met.

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

Responsibilities of the Chief Executive for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Office of the Commissioner for Public Sector Employment for the financial year ended 30 June 2020.


My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Commissioner for Public Sector Employment's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

29 September 2020

