

PROFESSIONAL
STANDARDS
COUNCIL

Annual Financial Report

2010-2011

Professional Standards Council, Victoria



COMPREHENSIVE OPERATING STATEMENT*for the financial year ended 30 June 2011*

	2011 \$	2010 \$
Income		
Fee revenue	599,867	548,369
Interest revenue	47,368	20,438
Total Income	647,235	568,807
Expenses		
Supplies and services	(297,012)	(236,305)
Total Expenses	(297,012)	(236,305)
Net result from transactions (net operating balance)	350,223	332,502
Other economic flows included in net result	-	-
Other economic flows – other non owner changes in equity	-	-
Comprehensive result	350,223	332,502

The above comprehensive operating statement should be read in conjunction with the accompanying notes.

BALANCE SHEET*as at 30 June 2011*

	Note	2011 \$	2010 \$
Financial assets			
Cash and cash equivalents	9	1,033,443	653,757
Receivables	2	65,590	49,969
Total financial assets		1,099,033	703,726
Total assets		1,099,033	703,726
Liabilities			
Payables	3	89,000	53,000
Unearned revenue	4	197,191	188,107
Total liabilities		286,191	241,107
Net assets		812,842	462,619
Equity			
Accumulated surplus/(deficit)		812,842	462,619
Net worth		812,842	462,619

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2011

	Accumulated Surplus \$	Total \$
Balance as at 1 July 2009	130,117	130,117
Net result for the year	332,502	332,502
Other comprehensive income for the year	-	-
Transfer to accumulated surplus	-	-
Balance at 30 June 2010	462,619	462,619
Net result for the year	350,223	350,223
Other comprehensive income for the year	-	-
Transfer to accumulated surplus	-	-
Balance at 30 June 2011	812,842	812,842

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT*for the financial year ended 30 June 2011*

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Fee revenue		612,250	856,004
Interest revenue		30,669	20,438
Payment to suppliers and employees		(263,233)	(262,685)
Net cash flows from/(used in) operating activities	7	379,686	613,757
Cash flows from financing activities			
Proceeds/(repayment) from borrowings		-	-
Net cash flows from/(used in) financing activities		0	0
Cash flows from investing activities			
Proceeds/(repayment) from investments		-	-
Net cash flows from/(used in) financing activities		0	0
Net increase/(decrease) in cash held		379,686	613,757
Cash and cash equivalents at the beginning of the financial year		653,757	40,000
Cash and cash equivalents at the end of the financial year		1,033,443	653,757

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2011

Note 1. Summary of significant accounting policies

(a) Statement of compliance

The financial statements represent the audited general purpose financial statements which have been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, applicable Australian Accounting Standards (AAS), which includes the Australian accounting standards issued by the *Australian Accounting Standards Board (AASB)*, Interpretations and other mandatory professional requirements.

(b) Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. These financial statements are presented in Australian dollars, the functional and presentation currency of the Professional Standards Council, Victoria.

In the application of AASs, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented in these financial statements for the year ended 30 June 2010.

(c) Reporting entity

The financial statements include all activities of the Professional Standards Council, Victoria. Its principal address is:
160 Marsden Street Parramatta NSW 2150
Enabling legislation (*Professional Standards Act 2003 (Vic)*)

(d) Objectives

The Council's objectives are to:

- (i) Approve, administer and ensure the integrity of professional standards schemes.
- (ii) Encourage occupational associations to adopt best practice professional standards.
- (iii) Ensure the integrity of professional standards schemes.
- (iv) Build community awareness and demand for schemes.
- (v) Contribute to law reform to improve professional standards and consumer protection.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

for the financial year ended 30 June 2011

Note 1. Summary of significant accounting policies (continued)

(e) Outputs of the Council

Gives advice to the Attorney-General on the publication in the Gazette of a scheme, or of an amendment or revocation of a scheme; the operation of the *Professional Standards Act 2003*; and any other matter relating to the occupational liability of members of occupational associations. Gives advice to occupational associations concerning policies of insurance; encourages and assists in the improvements of occupational standards of members of occupational associations. Approves schemes of occupational associations and reports annually on the implementation, monitoring and effectiveness of the risk management strategies of occupational associations.

(f) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash in bank.

(h) Employee benefits

A Service Agreement has been finalised with the Attorney-General's Department, New South Wales, for the provision of secretariat and support services. The Council employs its own staff.

(i) Payables

Payables are recognised when the Council becomes obliged to make future payments resulting from the purchase of goods and services.

(j) Receivables

Receivables consist predominantly of debtors in relation to services.

(k) Revenue recognition

Revenue is recognised in the operating statement when it has been earned and is calculated from the commencement date over the period of the scheme. The pattern of recognition over the policy period is based on time.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

(l) Rounding of amounts

Amounts in the financial report have been rounded to the nearest dollar.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

for the financial year ended 30 June 2011

Note 1. Summary of significant accounting policies (continued)

(m) Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Council. These items are recognised as an expense in the reporting period in which they are incurred.

(n) Unearned revenue

Unearned revenues represent the portion of schemes received or receivable not earned and relate to periods of the scheme subsequent to balance date.

(o) Commitments for expenditure

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value.

(p) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

(q) AASs issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2010 reporting period. DTF assesses the impact of these new standards and advises the council of their applicability and early adoption where applicable.

As at 30 June 2010, the following standards and interpretations (applicable to departments) had been issued but were not mandatory for the financial year ending 30 June 2011. The council has not early adopted these standards.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning after	Impact on financial statements
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial instruments: recognition and measurement (AASB 139 Financial Instruments: recognition and measurement).	Beginning 1 January 2013	Detail of impact is still being assessed.
AASB 124 Related party disclosures (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 January 2011	Preliminary assessment suggests that impact is insignificant.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

for the financial year ended 30 June 2011

Note 1. Summary of significant accounting policies (continued)

(q) AASs issued that are not yet effective

<p>AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]</p>	<p>This gives effect to consequential changes arising from the issuance of AASB 9.</p>	<p>Beginning 1 January 2013</p>	<p>Detail of impact is still being assessed.</p>
<p>AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]</p>	<p>This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This standard also makes numerous editorial amendments to other AASs.</p>	<p>Beginning 1 January 2011</p>	<p>The amendments only apply to those entities to whom AASB 8 applies, which are for-profit entities except for-profit government departments.</p>
<p>AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a minimum funding requirement [AASB Interpretation 14]</p>	<p>Amendment to Interpretation 14 arising from the issuance of prepayments of a minimum funding requirement.</p>	<p>Beginning 1 January 2011</p>	<p>Expected to have no significant impact.</p>

NOTES TO THE FINANCIAL STATEMENTS (CONT)

for the financial year ended 30 June 2011

Note 1. Summary of significant accounting policies (continued)**(q) AASBs issued that are not yet effective**

AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 July 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.
AASB 2010-4 <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]</i>	This Standard makes numerous improvements designed to enhance the clarity of standards.	Beginning 1 January 2011	No significant impact on the financial statements.
AASB 2010-5 <i>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]</i>	This amendment contains editorial corrections to a range of Australian Accounting Standards and Interpretations, which includes amendments to reflect changes made to the text of IFRSs by the IASB.	Beginning 1 January 2011	No significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

for the financial year ended 30 June 2011

Note 1. Summary of significant accounting policies (continued)**(r) Disclosure of prior period error**

As per Accounting Standard AASB 108, an error in unearned revenue of \$82,400 and revenue receivable of \$25,025 from 2009-10 has been rectified in this year's accounts. The net effect is an increase in last year's revenue and equity.

	2011 \$	2010 \$
Note 2. Receivables Current		
Statutory		
Amounts owing from Australian Taxation Office	26,101	23,880
	26,101	23,880
Contractual		
Amounts owing from Associations	21,726	25,025
Amounts owing from ANZ bank	17,763	1,064
	39,489	26,089
(a) Aging analysis of contractual receivables		
Please refer to Table 9.1 in Note 9 for the aging analysis of contractual receivables.		
(b) Nature and extent of risk arising from contractual receivables		
Please refer to Note 9 for the nature and extent of risks arising from contractual receivables.		
Note 3. Payables Current		
Contractual Payables	89,000	53,000
	89,000	53,000
(a) Maturity analysis of payables		
Please refer to Note 9 Table 9.3 for the ageing analysis of payables.		
(b) Nature and extent of risk arising from payables		
Please refer to Note 9 Table 9.3 for the nature and extent of risk arising from payables.		
Note 4. Unearned revenue		
Unearned prepaid income	197,191	188,107
	197,191	188,107

NOTES TO THE FINANCIAL STATEMENTS (CONT)

for the financial year ended 30 June 2011

Note 5. Commitments for expenditure

There were no commitments for expenditure at balance date not provided for in the balance sheet as at 30 June 2011. (2010: Nil).

Note 6. Contingent assets and contingent liabilities

There were no contingent asset or contingent liabilities at balance date not provided for in the balance sheet as at 30 June 2011. (2010: Nil)

	2011 \$	2010 \$
Note 7. Cash flow information		
Reconciliation of net result for the period	350,223	332,502
Movements in asset and liabilities:		
(Increase)/Decrease in receivables	(15,621)	356,476
Increase/(Decrease) in payables	36,000	(2,500)
Increase/(Decrease) in unearned revenue	9,084	(72,721)
Net cash flows from operating activities	379,686	613,757
Note 8. Remuneration of auditors		
Victorian Auditor-Generals Office Audit of the financial statements	9,000	10,000

NOTES TO THE FINANCIAL STATEMENTS (CONT)

for the financial year ended 30 June 2011

Note 9. Financial instruments**(a) Significant accounting policies**

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 and financial liability are disclosed in Note 1 to the financial statements.

Table 9.1 Categorisation of financial instruments

Financial Assets	Note	Category	Carrying amount 2011 \$	Carrying amount 2010 \$
Cash		Contractual financial assets Loans and receivables	1,033,443	653,757
Receivables	2	Contractual financial assets Loans and receivables	39,489	26,089

Financial Liabilities	Note	Category	Carrying amount 2011 \$	Carrying amount 2010 \$
Unearned revenue	4	Contractual financial liabilities measured at amortised cost	197,191	188,107
Payables	3	Contractual financial liabilities measured at amortised cost	89,000	53,000

NOTES TO THE FINANCIAL STATEMENTS (CONT)

for the financial year ended 30 June 2011

Note 9. Financial instruments (cont)**(b) Credit risk exposure**

Credit risk arises from the financial assets of PSC, which comprise receivables. PSC's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to PSC. Credit risk is measured at fair value and is monitored on a regular basis. Credit risk associated with PSC's financial assets is minimal because the main debtors are the Victorian Government and other Professional Standards Councils.

Table 9.2 Interest rate exposure, credit quality and ageing analysis of financial assets

Interest rate exposure						Credit Quality		Ageing	
Description	Note	Weighted average effective interest rate	Carrying amount	Interest rate exposure			Financial institutions Double-A credit rating	Other minimum Triple-B credit rating	Not past due and not impaired
			(\$)	Fixed interest rate	Variable interest rate	Non-interest bearing	(\$)	(\$)	(\$)
2011									
Financial Assets									
Cash	9.1	6.0	1,033,443		1,033,443		1,033,443	0	0
Receivables	9.1		39,489			39,489	17,763	21,726	39,489
Total			1,072,932	0	1,033,443	39,489	1,051,206	21,726	39,489
2010									
Financial Assets									
Cash	9.1	5.13	653,757		653,757		653,757	0	653,757
Receivables	9.1		26,089			26,089	1,064	25,025	26,089
Total			679,846	0	653,757	26,089	654,821	25,025	679,846

(c) Liquidity risk

Liquidity risk arises when PSC is unable to meet its financial obligations as they fall due. PSC operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution. PSC's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Maximum exposure to liquidity risk is the carrying amounts of financial liabilities in the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

for the financial year ended 30 June 2011

Note 9. Financial instruments (cont)**Table 9.3 Interest rate exposure and maturity analysis of financial liabilities**

		(\$)									
	Note	Weighted average effective interest rate	Carrying amount	Interest rate exposure			Nominal Amount	Maturity Dates			
2011				Fixed interest rate	Variable interest rate	Non-interest bearing		Less than 1 month	1-3 months	3 months - 1 year	1-5 years
Financial Liabilities											
Unearned revenue	4	-	197,191	-	-	197,191	197,191	-	-	197,191	-
Payables	3	-	89,000	-	-	89,000	89,000	89,000	-	-	-
Total			286,191	-	-	286,191	286,191	89,000	-	197,191	-

		(\$)									
2010				Fixed interest rate	Variable interest rate	Non-interest bearing		Less than 1 month	1-3 months	3 months - 1 year	1-5 years
Financial Liabilities											
Unearned revenue	4	-	188,107	-	-	188,107	188,107	-	-	188,107	-
Payables	3	-	53,000	-	-	53,000	53,000	53,000	-	-	-
Total			241,107	-	-	241,107	241,107	53,000	-	188,107	-

(d) Market risk

PSC is not exposed to market risk.

(e) Fair value

The carrying amount of financial assets and financial liabilities of the PSC approximates their fair value because of the short term nature of the financial instruments and the expectation that they will be paid in full.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

for the financial year ended 30 June 2011

Note 10. Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of Ministers and Accountable Officers in the PSC are as follows:

Attorney-General	The Hon. Rob Hulls, MP	1 July 2010	to	1 December 2010
Attorney-General	The Hon. Robert Clark, MP	2 December 2010	to	30 June 2011
Chairman	Mr Brian Rayment QC	1 July 2010	to	30 June 2011

Remuneration

Remuneration received or receivable by the Accountable Officer (Chairman) in connection with the management of the New South Wales, Western Australian, Tasmanian, Australian Capital Territory, Northern Territory and Victorian Councils during the reporting period was \$6,790 (2010: \$7,402).

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet.

Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

for the financial year ended 30 June 2011

Note 11. Glossary of terms

Comprehensive result

Total comprehensive result is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right;
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- (a) a contractual or statutory obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

for the financial year ended 30 June 2011

Note 11. Glossary of terms (cont)

Financial statements

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB101 (September 2007), which means it may include the main financial statements and the notes.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as other non-owner changes in equity.

Net result from transaction/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Payables

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

Receivables

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Scheme

A scheme requires occupational associations to improve their professional standards and protect consumers by implementing robust risk management strategies and adhering to professional indemnity insurance standards. It rewards such practices by limiting the occupational liability of members of occupational associations.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

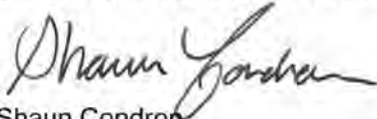
Accountable Officer's and Chief Finance and Accounting Officer's Declaration

We certify that the attached financial statements for the Professional Standards Council have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes presents fairly the financial transactions during the year ended 30 June 2011 and financial position of the Council as at 30 June 2011.

We are not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate.

We authorise the attached financial report for issue.



Shaun Condron
Chief Finance and Accounting Officer
Professional Standards Council, Victoria

Melbourne
13 September 2011



Brian Rayment QC
Chairman
Professional Standards Council, Victoria

Sydney
15 September 2011

INDEPENDENT AUDITOR'S REPORT

To the Council Members, Professional Standards Council

The Financial Report

The accompanying financial report for the year ended 30 June 2011 of Professional Standards Council which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

The Council Members' Responsibility for the Financial Report

The Council Members of the Professional Standards Council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Council Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been 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 report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Independent Auditor's Report (continued)

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Professional Standards Council as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Professional Standards Council for the year ended 30 June 2011 included both in the Professional Standards Council's annual report and on the website. The Council Members of the Professional Standards Council are responsible for the integrity of the Professional Standards Council's website. I have not been engaged to report on the integrity of the Professional Standards Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report 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 report to confirm the information contained in the website version of the financial report.

MELBOURNE
22 September 2011



D D R Pearson
for Auditor-General



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