



SACE Board of South Australia

2017 Annual Report

SACE Board of South Australia

60 Greenhill Road, Wayville SA 5043

www.sace.sa.edu.au

Contact phone number +61 8 8372 7400

Contact email SACE.info@sa.gov.au

ISSN 2205-1708

Date presented to Minister: 30 March 2018

To:

The Hon John Gardner MP
Minister for Education


This annual report is presented to Parliament to meet the statutory reporting requirements of the *SACE Board of South Australia Act 1983* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

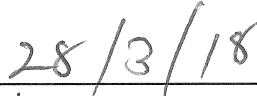
Submitted on behalf of the SACE Board of South Australia by:

Professor Martin Westwell

Chief Executive



Signature



Date

Contents

Contents	3
Section A: Reporting required under the <i>Public Sector Act 2009</i>, the <i>Public Sector Regulations 2010</i> and the <i>Public Finance and Audit Act 1987</i>	4
Agency purpose or role	4
Objectives	4
Key strategies and their relationship to SA Government objectives	4
Agency programs and initiatives and their effectiveness and efficiency	5
Legislation administered by the agency	7
Organisation of the agency	8
Other agencies related to this agency (within the Minister’s area/s of responsibility)	8
Employment opportunity programs	9
Agency performance management and development systems	9
Worker health, safety, and rehabilitation programs of the agency and their effectiveness ..	9
Fraud detected in the agency	10
Strategies implemented to control and prevent fraud.....	10
Whistleblowers disclosure	10
Executive employment in the agency	11
Consultants	11
Financial performance of the agency	11
Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions.....	12
Section B: Reporting required under any other act or regulation	13
Reporting required under the <i>Carers Recognition Act 2005</i>	13
Section C: Reporting of public complaints as requested by the Ombudsman.	14
Summary of complaints by subject	14
Complaint outcomes.....	14
Appendix A: Audited financial statements 2017	15

Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role

The SACE Board of South Australia is an independent statutory authority that reports to the Parliament of South Australia through the Minister for Education and Child Development. It provides services to all schools in South Australia that offer Stage 1 and Stage 2 studies for the South Australian Certificate of Education (SACE).

The SACE Board services schools that are part of the South Australian Department for Education and Child Development as well as non-government schools, including those linked with Catholic Education South Australia and the Association of Independent Schools of South Australia.

Through negotiated arrangements, the Board offers its subjects and assessment services to schools in the Northern Territory that deliver the Northern Territory Certificate of Education and Training and to a number of centres in Malaysia, China, Vietnam, and Vanuatu that deliver the SACE International program.

Objectives

- Increase the number of students completing the SACE
- Support quality curriculum, teaching, learning, and assessment
- Secure financial sustainability for the SACE Board, and economic benefit for the state

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
Introduce electronic assessment for marking, moderation, and examinations	Digital by Default Declaration
Continue to ensure the accurate and timely delivery of end-of-year results	Digital by Default Declaration
Strengthen the international profile of the SACE, to enhance its reputation and contribute to the state's economy	Premier's economic priority: The knowledge state — attracting students and commercialising our research South Australia's strategic priorities: Target 37: Total exports — Increase the value of South Australia's export income to \$25 billion by 2020
Contribute to a high-quality teaching workforce through the Institute of Educational Assessors	Premier's economic priority: The knowledge state — attracting students and commercialising our research

Key strategy	SA Government objective
<p>Renew SACE subjects to ensure that they suitably prepare young people for work, life, and further learning</p>	<p>South Australia's strategic priorities:</p> <p>Target 54: Learning or earning — Increase the proportion of 15–24-year olds engaged full-time in school, post-school education, training, or employment (or combination thereof) to 85% by 2020</p> <p>Target 88: Science and maths — By 2020, increase by 15% the number of students receiving an Australian Tertiary Admissions Rank or equivalent in at least one of the following subjects: mathematics, physics, or chemistry</p> <p>Target 89: SACE or equivalent — Increase yearly the proportion of 15–19-year olds who achieve the SACE or comparable senior secondary qualification</p> <p>Target 6: Aboriginal wellbeing — Improve the overall wellbeing of Aboriginal South Australians</p>
<p>Communicate to stakeholders and the community on the SACE as a world-class qualification</p>	<p>Premier's economic priority: The knowledge state — attracting students and commercialising our research</p> <p>South Australia's strategic priorities: Target 6: Aboriginal wellbeing — Improve the overall wellbeing of Aboriginal South Australians</p>

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Comments
<p>Curriculum development and support</p>	<p>In 2017 the SACE Board of South Australia:</p> <ul style="list-style-type: none"> • provided quality accreditation, certification, and recognition of SACE subjects • developed and reviewed SACE curriculum • as part of the renewal process, accredited eight subjects with quality online materials for students and teachers in Australia and internationally. 	<p>These activities:</p> <ul style="list-style-type: none"> • increase recognition among South Australians of the SACE as a high-quality international secondary school qualification • maintain relevance of the SACE internationally.

Program name	Indicators of performance/effectiveness/efficiency	Comments
Assessment and quality assurance	<p>The SACE Board:</p> <ul style="list-style-type: none"> • assured the quality of SACE assessments and the optimal functioning of the agency • coordinated the management of students' work for the purposes of external marking, moderation, and quality assurance. <p>All SACE Board-appointed assessors and SACE teachers assessed with reference to the performance standards, so that students in all classes across all schools received comparable grades.</p>	<p>Subjects have a stronger focus on new technology and 21st-century learning.</p> <p>Students have the flexibility to present assignments in various modes and file types.</p> <p>The increased use of online tools facilitates better collaboration with schools outside metropolitan Adelaide; teachers can undertake learning at times that suit them.</p> <p>Teachers interpret and apply performance standards consistently to students' work.</p>
Results delivery	The SACE Board ensured the timely and accurate delivery of SACE results.	Successful results delivery facilitates the transition of young people from school to further education and training and employment.
Professional development and support for teachers	<p>The SACE Board:</p> <ul style="list-style-type: none"> • provided strategic and operational SACE curriculum and assessment • built professional networks relating to SACE curriculum and assessment • expanded the Institute of Educational Assessors' services to include online course elements, new courses, and consultative services • established a professional association and held conferences and symposiums • provided scholarships for teachers. 	<p>These professional development activities:</p> <ul style="list-style-type: none"> • strengthen and further develop educators' expertise in assessment knowledge and practice • improve student outcomes by providing learning that contributes to postgraduate qualifications for educators.

Program name	Indicators of performance/effectiveness/efficiency	Comments
SACE International	<p>The SACE Board:</p> <ul style="list-style-type: none"> • delivered the SACE International program to offshore students as part of the northern hemisphere assessment cycle • increased the number of colleges delivering SACE International • delivered SACE International in countries additional to Malaysia and China • secured SACE International program agreements with schools outside Asia. 	Expansion of the SACE International program is due to its proven track record and its acceptance internationally.
Community and stakeholder engagement	<p>The Chief Executive of the SACE Board met regularly with chief executives from other government agencies, principals, and associations for government, Independent, and Catholic school sectors.</p> <p>The SACE Board:</p> <ul style="list-style-type: none"> • established and coordinated a number of formal consultative groups • communicated SACE relevance and value through public events, media, and marketing, including the SACE Merit Ceremony, SACE Art Show, SACE Aboriginal Student Pathways Conference, Research Project Student Expo, SACE Leaders Forum, and SACE management conferences • at the SACE Merit Ceremony 2017, awarded the greatest number of subject merits ever achieved in the SACE — 996 students were awarded 1302 subject merits for outstanding achievement in Stage 2 subjects. 	<p>The commitment to communication initiatives:</p> <ul style="list-style-type: none"> • built capacity to listen and respond to stakeholders through research, and new systems and processes • increased recognition among South Australians of the SACE as a high-quality international qualification • improved engagement through online platforms, including forums, video, and interactive content.

Legislation administered by the agency

- *SACE Board of South Australia Act 1983*
- SACE Board of South Australia Regulations 2008

Organisation of the agency

The Board

The Board consists of 11 members nominated by the Minister and appointed by the Governor of South Australia, and the Chief Executive (*ex officio*). Membership of the Board is by call for expression of interest, and as per the *SACE Board of South Australia Act 1983*, Board membership comprises persons who:

- (a) together provide a broad range of backgrounds that are relevant to the activities and interests of the Board; and
- (b) together have the abilities, knowledge, and experience necessary to enable the Board to carry out its functions effectively.

The present Board includes six members whose 3-year term will conclude on 30 June 2018, and five members whose 3-year term will conclude on 30 June 2019. There are currently no Deputy Board members appointed to the Board.

Office of the SACE Board

The Office of the SACE Board carries out the functions of the Board as set down in the legislation, and implements the Board's decisions.

The Office of the SACE Board consists of the following groups:

- **Curriculum and Assessment**, which provides services associated with the accreditation and certification of SACE subjects and recognition of courses and services that assure the quality of school and external assessment practices, and provides subject-based support to teachers and schools
- **Corporate Services**, which provides strategic and operational human resource management, communications, financial management, and administration, supports strategic engagement with key partners and the operation of the Board and its standing committees, and promotes organisational improvement
- **Information Services**, which develops and maintains appropriate information technology resources, collects and manages data in relation to the participation and performance of students in the SACE, and manages student registration, subject enrolment, and the accurate processing of results data.

Other agencies related to the SACE Board (within the Minister's area/s of responsibility)

- Department for Education and Child Development
- Department of State Development

Employment opportunity programs

Program name	Result of the program
Graduate program	In 2017 the SACE Board of South Australia participated in the Department of Treasury and Finance (DTF) graduate program. DTF reported on this program in its 2016-17 Annual Report .

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
All employees are required to take part in a formal performance management and development discussion with their manager at least once every 6 months.	At 31 December 2017, 88% of SACE Board employees had participated in a documented performance management and development review within the previous 6 months. Consultation with employees occurred during 2017 to improve the performance management and development system.

Worker health, safety, and rehabilitation programs of the agency and their effectiveness

Worker health, safety, and rehabilitation programs	Effectiveness
Work health and safety management	The Work Health and Safety (WHS) Committee is the principal means by which the management of the SACE Board of South Australia consults and collaborates with employees to address work health and safety issues. In 2017 the following services were offered to employees: <ul style="list-style-type: none"> • influenza vaccinations • online resources that provide a broad range of ergonomic safety and manual handling information • workstation assessments • employee assistance program.
Injury management	The SACE Board of South Australia renewed for 12 months its service level agreement with the Department for Education and Child Development to provide injury management services. The SACE Board had no workers compensation claims; no work time was lost due to claims.

Fraud detected in the agency

Category/nature of fraud	Number of instances
The SACE Board did not identify any instances of fraud in the agency during 2017.	0

Strategies implemented to control and prevent fraud

The SACE Board has in place strategies to prevent fraud, including:

- appropriate segregation of duties — the SACE Board implements controls that ensure individual employees are unable to complete transactions involving procurements, purchase requisitions, and payments to suppliers without separate approval from a second authorised employee
- awareness and training for employees — all managers ensure their employees are aware of their obligations under relevant legislation, policies, and procedures, and that they complete the Code of Ethics and Independent Commission Against Corruption training as part of the SACE Board's induction program
- policies and procedures — the SACE Board adheres to all relevant SA Public Sector legislation and has internal policies and procedures in place, including the Fraud and Corruption Prevention Policy and the Gifts Policy
- post-transaction review — regular reconciliations of financial accounts and cash transactions are undertaken; the Chief Executive endorses all purchase card statements
- monitoring and reporting — processes are in place for recording, monitoring, and reporting data, which is checked and approved by the appropriate delegate(s)
- a comprehensive audit program — regular and random internal and external audits are undertaken within the SACE Board
- a financial management compliance program — this is an ongoing process that requires the Chief Executive to document the internal controls and their effectiveness relating to critical functions and processes, including the management and control of fraud, corruption, and maladministration risks within the SACE Board.

Data for the past 5 years is available at: <https://data.sa.gov.au/data/organization/sace>

Whistleblowers disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistleblowers Protection Act 1993* 0

Data for the past 5 years is available at: <https://data.sa.gov.au/data/organization/sace>

Executive employment in the agency

Executive classification	Number of executives
Executive Level C (not SAES)	1
Executive Level A (not SAES)	3

Data for the past 5 years is available at: <https://data.sa.gov.au/data/organization/sace>

The [Office for the Public Sector](#) has a [Data Dashboard](#) that provides further information on the breakdown of executive gender, salary, and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken, and the total cost of the work undertaken.

Consultants	Purpose	Value \$
All consultancies below \$10 000 each		–
Consultancies above \$10 000 each		
KPMG	SACE Board Review 2017	27 466
Total all consultancies		27 466

Data for the past 5 years is available at: <https://data.sa.gov.au/data/organization/sace>

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value. See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Financial performance of the agency

The following is a brief summary of the financial position of the agency. The information is unaudited. Full audited financial statements for 2017 are provided as Appendix A.

The SACE Board is funded primarily from grants provided by the South Australian Government, totalling over \$20 million in 2017. This funding is supplemented by fees, charges, and other revenues totalling over \$4 million for a range of other activities and services including:

- an agreement with the Northern Territory (NT) Government to deliver the SACE in NT Government schools
- students from overseas studying the SACE in South Australia under Student visa (subclass 500)
- schools in Malaysia, China, Vietnam, and Vanuatu that offer the SACE to their students under agreements with the SACE Board
- course fees charged by the Institute of Educational Assessors for undertaking professional development for educators in South Australia and other jurisdictions.

The SACE Board has reported an operating surplus of \$1.3 million for the 2017 calendar year. This surplus has mainly arisen due to the SACE Board incurring over \$1 million of capital-related expenditure on the development and enhancement of its internal software programs during the year. That expenditure is not included in the attached statement of comprehensive income. The financial performance of the agency was in line with expectations and budget.

At 31 December 2017, the SACE Board had net assets of \$9.5 million. The main liabilities of the SACE Board relate to staff entitlements for annual leave and long service leave. The SACE Board has sufficient cash reserves to meet its liabilities in full.

Other financial information

Nil to report

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

Disability Access and Inclusion Plan

The South Australian Government endorsed the introduction of Disability Access and Inclusion Plans across government agencies in accordance with a recommendation of the report *Strong voices: a blueprint to enhance life and claim the rights of people with disability in South Australia (2012–2020)*.

- SACE Board of South Australia [Disability Access and Inclusion Plan 2017–20](#)

Section B: Reporting required under any other act or regulation

SACE Board of South Australia Act 1983

20—Report

- (1) The Board must, on or before 31 March in each year, deliver to the Minister a report of its operations during the period of 12 months that ended on the preceding 31 December.
 - (1a) The report must—
 - (a) incorporate the audited accounts of the Board for the relevant year; and
 - (b) include a specific report on the consultation processes that the Board has established or used for the purposes of this Act during the relevant year, including an assessment of the extent to which those processes have assisted the Board in the performance of its functions; and
 - (c) contain any other information required by this Act.
- (2) The Minister must, within 14 sitting days after receiving a report under this section, cause a copy of the report to be laid before each House of Parliament.

Reporting required under the *Carers Recognition Act 2005*

The *Carers Recognition Act 2005* is deemed applicable for the following: Department for Communities and Social Inclusion, Department for Education and Child Development, Department for Health and Ageing, Department of State Development, Department of Planning, Transport and Infrastructure, South Australia Police, and TAFE SA.

Section 7: Compliance or non-compliance with section 6 of the Carers Recognition Act 2005 and (b) if a person or body provides relevant services under a contract with the organisation (other than a contract of employment), that person's or body's compliance or non-compliance with section 6.

Not applicable

Section C: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

Public complaints received by the SACE Board of South Australia	
Category of complaints by subject	Number of instances
Rebranding campaign	1

Data for the past 2 years is available at: <https://data.sa.gov.au/data/organization/sace>

Complaint outcomes

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
Following a public complaint about the 2016 rebranding campaign, the Ombudsman sought a response from the SACE Board.	The Ombudsman found that the SACE Board had acted in line with Government processes and approvals, and closed the matter.

Appendix A: Audited financial statements 2017

Statement of comprehensive income for the year ended 31 December 2017

	Note	2017 \$'000	2016 \$'000
Expenses			
Employee benefits expenses	4	14 591	14 316
Supplies and services	5	6 509	5 929
Replacement teachers' expense	6	1 218	1 502
Depreciation and amortisation expense	7	690	630
Other expenses	8	11	5
Total expenses		23 019	22 382
Income			
Revenues from fees and charges	9	2 952	2 730
Interest revenues	10	201	198
Replacement teachers' write-back	11	458	724
Other income	12	453	585
Total income		4 064	4 237
Net cost of providing services		18 955	18 145
Revenues from / payments to SA Government			
Revenues from SA Government	13	20 281	21 332
Net result		1 326	3 187
Other comprehensive income		–	–
Total comprehensive result		1 326	3 187

The net result and total comprehensive result are attributable to the SA Government as owner.

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

Statement of financial position as at 31 December 2017

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	14	10 773	11 063
Receivables	15	728	384
Total current assets		11 501	11 447
Non-current assets			
Receivables	15	54	57
Plant and equipment	16	170	198
Intangible assets	17	3 190	2 113
Total non-current assets		3 414	2 368
Total assets		14 915	13 815
Current liabilities			
Payables	18	880	1 286
Replacement teachers' liability	19	626	834
Employee benefits	20	1 281	1 368
Other liabilities	21	18	–
Total current liabilities		2 805	3 488
Non-current liabilities			
Payables	18	218	180
Employee benefits	20	2 368	1 949
Total non-current liabilities		2 586	2 129
Total liabilities		5 391	5 617
Net assets		9 524	8 198
Equity			
Retained earnings	22	6 899	5 573
Staff entitlements reserve	22	2 625	2 625
Total equity		9 524	8 198
The total equity is attributable to the SA Government as owner.			
Unrecognised contractual commitments	23		

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

Statement of changes in equity for the year ended 31 December 2017

	Note	Staff entitlements reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 31 December 2015		2 625	2 386	5 011
Net result for 2016		–	3 237	3 237
Adjustments to prior year balances*		–	(50)	(50)
Restated net result for 2016		–	3 187	3 187
Total comprehensive result 2016		–	3 187	3 187
Balance at 31 December 2016	22	2 625	5 573	8 198
Net result for 2017		–	1 326	1 326
Total comprehensive result 2017		–	1 326	1 326
Balance at 31 December 2017	22	2 625	6 899	9 524

All changes in equity are attributable to the SA Government as owner.

*Prior period adjustment relates to software that was capitalised in 2016 that should have been expensed in supplies and services.

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

Statement of cash flows for the year ended 31 December 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
<i>Cash outflows</i>			
Employee benefit payments		(14 221)	(14 486)
Payments for supplies and services		(7 771)	(6 072)
Replacement teachers		(968)	(1 147)
Cash used in operations		(22 960)	(21 705)
<i>Cash inflows</i>			
Fees and charges		2 789	2 760
Interest received		198	199
GST recovered from the ATO		639	424
Other receipts		502	653
Cash generated from operations		4 128	4 036
Cash flows from SA Government			
Receipts from SA Government	13	20 281	21 332
Cash generated from SA Government		20 281	21 332
Net cash provided by (used in) operating activities		1 449	3 663
Cash flows from investing activities			
<i>Cash outflows</i>			
Purchases of plant and equipment		(67)	(15)
Purchases of intangible assets		(1 672)	(1 001)
Net cash provided by (used in) investing activities		(1 739)	(1 016)
Net increase (decrease) in cash and cash equivalents		(290)	2 647
Cash and cash equivalents at the beginning of the calendar year	14	11 063	8 416
Cash and cash equivalents at the end of the calendar year	14	10 773	11 063

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

Note index

Objectives of the SACE Board of South Australia	Note 1
Significant accounting policies	Note 2
New and revised accounting standards and policies	Note 3
Expense notes	
Employee benefits expenses	Note 4
Supplies and services	Note 5
Replacement teachers' expense	Note 6
Depreciation and amortisation expense	Note 7
Other expenses	Note 8
Income notes	
Revenues from fees and charges	Note 9
Interest revenues	Note 10
Replacement teachers' write-back	Note 11
Other revenues/income	Note 12
Revenues from SA Government	Note 13
Asset notes	
Cash and cash equivalents	Note 14
Receivables	Note 15
Plant and equipment	Note 16
Intangible assets	Note 17
Liabilities notes	
Payables	Note 18
Replacement teachers' liability	Note 19
Employee benefits	Note 20
Other liabilities	Note 21
Other notes	
Equity	Note 22
Unrecognised contractual commitments	Note 23
Remuneration of Board and committee members	Note 24
Related party transactions	Note 25
Financial risk management / financial instruments	Note 26

Notes to the financial statements

Note 1 Objectives of the SACE Board of South Australia

The SACE Board of South Australia aims to achieve student success through the South Australian Certificate of Education (the SACE) by providing a locally and internationally respected qualification that gives all students the capabilities to move successfully into further learning and work as confident and responsible citizens.

The SACE Board is actively pursuing three key strategic objectives:

1. Increase the number of students completing the SACE
2. Support quality curriculum, teaching, learning, and assessment
3. Secure financial sustainability for the SACE Board, and economic benefit for the state.

The main functions of the SACE Board of South Australia, prescribed by the *SACE Board of South Australia Act 1983*, are to:

- establish a qualification to be called the South Australian Certificate of Education (SACE)
- determine the requirements for the achievement of the SACE
- accredit subjects and courses that will be recognised by the SACE Board as being suitable for the purposes of the SACE
- assess achievements in or satisfactory completion of subjects or courses
- assure the quality and suitability of processes and standards used to assess the achievements of students for the purposes of the SACE
- prepare and publish information and guidelines in relation to the requirements of the SACE.

The SACE Board is predominantly funded from grants provided by the State Government.

Note 2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987* (PFA Act).

The SACE Board has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the SACE Board is a not-for-profit entity.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the SACE Board's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- 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 are reported

- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures that have been included in this financial report:
 - (a) expenses incurred as a result of engaging consultants
 - (b) employee targeted voluntary separation package information
 - (c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly, by the entity to those employees
 - (d) SACE Board/committee member and remuneration information, where a Board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The financial statements have been prepared based on a 12-month period and presented in Australian currency.

(c) Reporting entity

The SACE Board of South Australia is a statutory authority established under the *SACE Board of South Australia Act 1983* (the Act).

The SACE Board does not control any other entity and has no interests in unconsolidated structured entities. The SACE Board has not entered into any contractual arrangements that involve the sharing of control or significant influence over another entity.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(e) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

(f) Taxation

The SACE Board is not subject to income tax. The SACE Board is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents, and local government rate equivalents.

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
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office, is classified as part of operating cash flows.

(g) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 31 December and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 31 December.

Note disclosure is made about events between 31 December and the date the financial statements are authorised for issue where the events relate to a condition which arose after 31 December and which may have a material impact on the results of subsequent years.

(h) Current and non-current classification

Assets and liabilities that are to be sold, consumed, or realised as part of the normal operating cycle, even when they are not expected to be realised within 12 months after the reporting date, have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

(i) Non-current assets

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

Where assets are acquired at no value, or at minimal value, they are recorded at fair value in the statement of financial position.

All non-current tangible assets with a value equal to or in excess of \$10 000 are capitalised.

The SACE Board has not recognised its library as an asset in the financial report because its value cannot be measured reliably. The library is predominantly a collection of books and journals and a range of historical documents, including records of student assessment results, examination papers, and chief assessors' comments.

Depreciation and amortisation

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Assets' residual values, useful lives, and depreciation/amortisation methods are reviewed and adjusted if appropriate on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Depreciation/amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life (years)
Furniture and fittings	3–10
Equipment	3–10
Computer equipment	3–8
Internally developed software	3–8
Leasehold improvements	Life of lease, or the unexpired period of the lease, whichever is the shorter

Revaluation of non-current assets

Non-current assets have not been revalued, as the SACE Board has no items with a fair value at the time of acquisition of greater than \$1 million and with an estimated useful life greater than 3 years, in accordance with *Accounting Policy Framework III — Asset Accounting Framework*. The carrying amount of non-current assets is deemed to approximate fair value.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The SACE Board only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets are reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control, and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10 000.

(j) Liabilities

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

The SACE Board has entered into operating leases only.

Operating leases

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Employee benefits

These benefits accrue for employees 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 are expected to be payable within 12 months and are 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 of 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.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures, and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The current portion of the long service leave has been calculated as the amount of actual long service leave taken over the average of the past 3 calendar years. This calculation is the most appropriate estimate of actual leave to be taken during the 2018 calendar year.

(k) Unrecognised contractual commitments

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

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

Unrecognised contractual commitments are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office. If GST is not payable to or recoverable from the Australian Taxation Office, the commitments are disclosed on a gross basis.

Note 3 New and revised accounting standards and policies

The SACE Board did not voluntarily change any of its accounting policies during 2017.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the period ending 31 December 2017.

AASB 16 Leases will apply for the first time for the year to reporting periods beginning on or after 1 January 2019.

The amended standard introduces a single accounting model for lessees, eliminating the distinction between operating and finance leases.

The standard requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease payments will no longer be expensed in the statement of comprehensive income on a straight-line basis. Rather, they will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense.

It is anticipated that there will be a marginal impact on net result due to recognition of depreciation and interest on lease liabilities as expenses.

The classification of cash flows will be affected, as operating lease payments will be split into a principal portion and an interest portion, which will be presented as financing and operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows and recorded as commitments, which are not captured in the statement of financial position.

The SACE Board has not yet quantified the impact of applying AASB 16 Leases to its operating lease arrangements and the resulting impact on the statement of comprehensive income, the statement of financial position, and the commitments disclosure in the notes to the financial statements.

AASB 15 Revenue from Contracts with Customers will replace the existing AASB 118 Revenue and applies to reporting periods beginning on or after 1 January 2019. AASB 15 Revenue from Contracts with Customers introduces a five-step process for revenue recognition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than the former model of 'where the risk and rewards of ownership reside'. AASB 15 Revenue from Contracts with Customers will generally result in increased disclosures.

The SACE Board has not yet quantified the impact of applying AASB 15 Revenue from Contracts with Customers and the resulting impact on the statement of comprehensive income.

Note 4 Employee benefits expenses

	2017	2016
	\$'000	\$'000
Salaries and wages	8 876	8 702
Casual salaries external assessment	2 051	2 123
Casual salaries moderation	323	266
Casual salaries other	340	338
Long service leave (LSL)	354	318
Annual leave	698	655
SERL	67	27
Employment on-costs — superannuation	1 135	1 134
Employment on-costs — other	632	646
Fringe benefits tax	16	14
Board and committee fees	99	93
Total employee benefits expenses	14 591	14 316

The value for casual salaries moderation includes \$84 000 for chief supervisors of school assessment. These costs were previously recorded as casual salaries external assessment. The 2016 amount for chief supervisors of school assessment was \$84 000.

Remuneration of employees

	2017	2016
The number of employees whose remuneration received or receivable falls within the following bands:		
\$145 000 to \$147 000*	na	—
\$147 001 to \$157 000	—	2
\$157 001 to \$167 000	—	2
\$167 001 to \$177 000	1	—
\$197 001 to \$207 000	—	1
\$207 001 to \$217 000	1	1
\$217 001 to \$227 000	2	—
\$297 001 to \$307 000	—	1
Total	4	7

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2016.

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, fringe benefits, and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by these employees for the year was \$0.828 million (2016: \$1.332 million).

Note 5 Supplies and services

	2017	2016
	\$'000	\$'000
Supplies and services provided by entities within the SA Government		
Office accommodation	1 241	1 199
Computing charges	243	225
Fleet management costs	37	41
Shared Services SA charges	41	137
Other	110	94
Total supplies and services — SA Government entities	1 672	1 696
Supplies and services provided by entities external to the SA Government		
Consultants	25	20
Contractors	1 693	1 530
Printing	135	247
Travel and accommodation	262	318
Postage, courier, and freight	434	432
Motor vehicle transport	120	183
Computing and communication	716	567
Software (expensed)	616	180
Venue hire	95	106
Hospitality	83	147
Stationery and office supplies	97	73
Equipment hire	83	77
Repairs and maintenance	51	43
Security	10	16
Staff development	119	79
Other	298	215
Total supplies and services — non-SA Government entities	4 837	4 233
Total supplies and services	6 509	5 929

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, as it is representative of the pattern of benefits derived from the leased assets.

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO due to the SACE Board not holding a tax invoice or payments relating to third-party arrangements.

	Number	2017 \$'000	Number	2016 \$'000
Consultancies				
The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:				
Above \$10 000	1	25	1	20
Total paid/payable to consultants engaged	1	25	1	20

Note 6 Replacement teachers' expense

	2017 \$'000	2016 \$'000
Replacement teachers provided by entities within the SA Government		
Temporary replacement teachers	584	634
Total replacement teachers' expense — SA Government entities	584	634
Replacement teachers provided by entities external to the SA Government		
Temporary replacement teachers	634	868
Total replacement teachers' expense — non-SA Government entities	634	868
Total replacement teachers' expense	1 218	1 502

This expense relates to costs incurred by schools for the release of teachers to undertake duties for the SACE Board. The SACE Board issues schools with vouchers entitling them to make a claim for reimbursement of their costs. The expense comprises a total of the amount of claims paid by the SACE Board plus an estimate of the cost of outstanding claims not yet received. The estimate of the cost of claims not yet received is equal to the number of unclaimed vouchers issued to schools at a value per voucher of the average cost per claim in 2016, plus indexation.

See also Note 19 for details of the unclaimed funds as at 31 December 2017.

Note 7 Depreciation and amortisation expense

	2017 \$'000	2016 \$'000
Depreciation and amortisation		
Leasehold improvements	33	39
Equipment	33	17
Computer equipment	29	77
Intangible assets	595	497
Total depreciation and amortisation	690	630

Note 8 Other expenses

	2017	2016
	\$'000	\$'000
Other expenses		
Bad and doubtful debts (refer to Note 15)	11	5
Total other expenses	11	5

Note 9 Revenues from fees and charges

	2017	2016
	\$'000	\$'000
Fees and charges received/receivable from entities external to the SA Government		
Overseas students studying in South Australia	477	374
SACE International program	736	659
Northern Territory Government	1 730	1 688
SACE providers (conditional)	9	9
Total fees and charges — non-SA Government entities	2 952	2 730
Total fees and charges	2 952	2 730

The SACE Board receives revenue from delivering the SACE to students who are not South Australian residents. This includes students from overseas who are studying in local schools on a temporary student visa, students in schools in China, Vietnam, and Malaysia who have chosen to undertake the SACE under the SACE International program, and students in Northern Territory schools.

The SACE Board has an exclusive agreement with the Northern Territory Government to have the SACE delivered through all Northern Territory government schools.

The SACE Board also has agreements with non-school organisations that deliver SACE-accredited subjects such as dance. These are known as SACE providers (conditional). This revenue was previously reported as miscellaneous income.

Note 10 Interest revenues

	2017	2016
	\$'000	\$'000
Interest revenues		
Interest from non-SA Government entities	35	40
Interest from entities within the SA Government (SAFA)	166	158
Total interest revenues	201	198

Note 11 Replacement teachers' write-back

	2017	2016
	\$'000	\$'000
Replacement teachers' write-back income from SA Government entities		
Replacement teachers' write-back income	220	306
Total replacement teachers' write-back income — SA Government entities	220	306
Replacement teachers' write-back income from entities external to the SA Government		
Replacement teachers' write-back income	238	418
Total replacement teachers' write-back income — non-SA Government entities	238	418
Total replacement teachers' write-back income	458	724

The write-back relates to outstanding amounts, recorded as expenses, raised prior to 31 December 2016, for which schools have not sought reimbursement within the allowable claim time. This write-back is recorded as revenue in the statement of comprehensive income in accordance with accounting standards. Refer to Note 19 for additional explanation of the liability for replacement teachers.

Note 12 Other revenues/income

	2017	2016
	\$'000	\$'000
Other income from SA Government entities		
Department for Education and Child Development (DECD)	12	–
Institute of Educational Assessors (IEA) revenue from DECD schools	52	40
Other government agencies	2	5
Total other income from SA Government entities	66	45
Other income from entities external to the SA Government		
Assessment fees	1	2
Miscellaneous income	172	240
Replacement certificates	30	37
Scaling grant	113	112
Institute of Educational Assessors (IEA)	71	149
Total other income from entities external to the SA Government	387	540
Total other income	453	585

Other income includes fees received from the SACE Board's Institute of Educational Assessors (IEA), which commenced in 2015. The IEA provides professional learning for teachers who are seeking to strengthen their expertise in the quality assessment of student achievement in accordance with the SACE Board's standards. Professional learning is delivered to teachers for a fee set by the SACE Board of South Australia Regulations 2008.

Note 13 Revenues from SA Government

	2017	2016
	\$'000	\$'000
Revenues from SA Government		
Operating grant	20 281	21 332
Total revenues from SA Government	20 281	21 332

The SA Government operating grant for 2017 was received in 12 monthly instalments.

The operating grant is recognised as revenue when the SACE Board obtains control over the funding. Control over the operating grant is normally obtained upon receipt.

Total revenues from Government consist of \$18 213 000 (2016: \$19 930 000) for operational funding and \$2 068 000 (2016: \$1 402 000) for capital projects. For details on the expenditure associated with the operational funding received, refer to notes 4 to 8. There were no material variations between the amount received and the expenditure associated with this grant.

Note 14 Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Cash and cash equivalents		
Cash at bank	1 969	2 425
Short-term deposits with SAFA	8 804	8 638
Total cash and cash equivalents	10 773	11 063

Cash is measured at nominal amounts.

Short-term deposits

Short-term deposits are made for varying periods of between 1 day and 3 months. The deposits are lodged with SAFA and earn interest at the respective short-term deposit rates.

Note 15 Receivables

	2017	2016
	\$'000	\$'000
Current		
Receivables	437	118
Less allowance for doubtful debts	(10)	(8)
Overpayment recoveries	8	–
Prepayments	169	120
Accrued revenues	22	19
GST input tax recoverable	102	135
Total current receivables	728	384
Non-current		
Overpayment recoveries	27	–
Prepayments	27	57
Total non-current receivables	54	57
Total receivables	782	441
SA Government / non-SA Government receivables		
Receivables from SA Government entities		
Receivables	–	14
Prepayments	19	18
Accrued revenues	17	–
Total receivables from SA Government entities	36	32
Receivables from non-SA Government entities		
Receivables	437	118
Less allowance for doubtful debts	(10)	(8)
Overpayment recoveries	35	–
Prepayments	177	159
Accrued revenues	5	5
Other	102	135
Total receivables from non-SA Government entities	746	409
Total receivables	782	441

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses in the statement of comprehensive income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2017	2016
	\$'000	\$'000
Movements in the allowance for doubtful debts (impairment loss)		
Carrying amount at the beginning of the period	8	8
Amounts written off (bad debts)	(9)	(5)
Amounts recovered during the year	—	—
Increase/(decrease) in the allowance	11	5
Carrying amount at the end of the period	10	8

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. Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the SACE Board will not be able to collect the debt.

Note 16 Plant and equipment

	2017	2016
	\$'000	\$'000
Leasehold improvements at cost	664	664
Accumulated depreciation at the end of the calendar year	(650)	(617)
Total leasehold improvements	14	47
Equipment at cost	610	972
Accumulated depreciation at the end of the calendar year	(509)	(905)
Total equipment	101	67
Computer equipment at cost	1 568	1 607
Accumulated depreciation at the end of the calendar year	(1 513)	(1 523)
Total computer equipment	55	84
Total plant and equipment	170	198

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2017 and 2016:

	Leasehold improvements	Equipment	Computer equipment	Total
Carrying amount at 1 January 2017	47	67	84	198
Additions	–	67	–	67
Assets derecognised (including disposals)	–	–	–	–
Transfers	–	–	–	–
Depreciation	(33)	(33)	(29)	(95)
Carrying amount at 31 December 2017	14	101	55	170
Carrying amount at 1 January 2016	86	84	146	316
Additions	–	–	15	15
Assets derecognised (including disposals)	–	–	–	–
Transfers	–	–	–	–
Depreciation	(39)	(17)	(77)	(133)
Carrying amount at 31 December 2016	47	67	84	198

Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than 3 years, and have not been revalued in accordance with APF III. The carrying values of these items are deemed to approximate fair value.

Impairment

There were no indications of impairment of plant and equipment assets at 31 December 2017.

Note 17 Intangible assets

	2017	2016
	\$'000	\$'000
Computer software		
Internally developed computer software at cost	6 372	4 703
Accumulated amortisation	(3 182)	(2 590)
Total computer software	3 190	2 113

Reconciliation of intangible assets

	Total intangible assets
	\$'000
Carrying amount at 1 January 2017	2 113
Additions	1 580
Assets derecognised (including disposals)	–
Transfers (work in progress)	92
Amortisation	(595)
Carrying amount at 31 December 2017	3 190
Carrying amount at 1 January 2016	1 659
Additions	1 001
Assets derecognised (including disposals)	50
Transfers	–
Amortisation	(497)
Carrying amount at 31 December 2016	2 113

The internally developed computer software relates to the SACE Board's Schools Online and Students Online systems, and includes enhancements relating to the modernisation program. These systems are recorded in the SACE Board's asset register as a consolidated asset with a remaining useful life of 5 years and carrying amount of \$3 190 000.

There were no indications of impairment of intangible assets at 31 December 2017.

The SACE Board has no contractual commitments for the acquisition of intangible assets.

Note 18 Payables

	2017	2016
	\$'000	\$'000
Current		
Creditors	1	571
Accrued expenses	563	399
Employment on-costs	316	316
Total current payables	880	1 286
Non-current		
Employment on-costs	218	180
Total non-current payables	218	180
Total payables	1 098	1 466
SA Government / non-SA Government payables		
Payables to SA Government entities		
Creditors	1	89
Accrued expenses	110	117
Employment on-costs	534	496
Total payables to SA Government entities	645	702
Payables to non-SA Government entities		
Creditors	–	482
Accrued expenses	453	282
Total payables to non-SA Government entities	453	764
Total payables	1 098	1 466

Employment on-costs include payroll tax, WorkCover levies, and superannuation contributions. The SACE Board makes contributions to several South Australian 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 the South Australian Superannuation Board.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave remains unchanged from the 2016 rate (40%), and the average factor for the calculation of employer superannuation on-cost has changed from the 2016 rate (10.2%) to 10.1%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current year is a decrease in the employment on-cost of \$1100 and employee benefits expense of \$1100. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions. A key assumption is the proportion of long service leave taken as leave instead of a lump sum, a result determined by the actuary based on current period data.

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is received.

Note 19 Replacement teachers' liability

	2017	2016
	\$'000	\$'000
Current		
Temporary replacement teachers	626	834
Total replacement teachers' liability	626	834
SA Government / non-SA Government replacement teachers' liability		
SA Government entities		
Temporary replacement teachers	300	352
Total replacement teachers' liability — SA Government entities	300	352
Non-SA Government entities		
Temporary replacement teachers	326	482
Total replacement teachers' liability — non-SA Government entities	326	482
Total replacement teachers' liability	626	834

The liability for replacement teachers represents the estimated cost of amounts owing to schools but not yet claimed as at 31 December 2017.

Note 20 Employee benefits

	2017	2016
	\$'000	\$'000
Current		
Accrued salaries and wages	223	185
Annual leave	734	679
Long service leave	257	457
Skills and experience retention leave (SERL)	67	47
Total current employee benefits	1 281	1 368
Non-current		
Long service leave	2 368	1 949
Total non-current employee benefits	2 368	1 949
Total employee benefits	3 649	3 317
Total current and non-current employee liability (i.e. total employee benefits plus employment on-costs disclosed in Note 18)	4 183	3 813

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased to 2.5% (2016: 2.75%).

This decrease in the bond yield, which is used to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of these changes in the current year is an increase in the long service leave liability of \$52 000 and a corresponding increase in the employee benefits expense of \$52 000. 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 the Department of Treasury and Finance left the salary inflation rate at 4.00% for long service leave liability and 3.00% for annual leave and skills, experience, and retention leave liabilities. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

Note 21 Other liabilities

	2017	2016
	\$'000	\$'000
Current		
Unearned revenue	18	–
Total other liabilities	18	–

Unearned revenue relates to revenue received by the Institute of Educational Assessors for IEA courses to be delivered within the next 12 months.

Note 22 Equity

	2017	2016
	\$'000	\$'000
Equity		
Retained earnings	6 899	5 573
Staff entitlements reserve	2 625	2 625
Total equity	9 524	8 198

The staff entitlements reserve represents funds retained by the SACE Board to meet liabilities for long service leave, annual leave, and SERL accrued by employees.

Note 23 Unrecognised contractual commitments

	2017	2016
	\$'000	\$'000
Expenditure commitments		
Within 1 year	1 606	827
Later than 1 year but not longer than 5 years	1 842	243
Total other commitments	3 448	1 070

The SACE Board's expenditure commitments are for a range of outsourcing services and contracts, including printing and distribution of SACE results, ICT services, and facility maintenance.

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date, but not recognised as liabilities, are payable as follows:

Within 1 year	1 149	517
Later than 1 year but not longer than 5 years	2 862	15
Total operating lease commitments	4 011	532

The SACE Board's operating leases are for office accommodation and vehicles. Office accommodation is leased through the Department of Planning, Transport and Infrastructure (DPTI), with the present lease expiring in May 2021. Rent is payable in advance.

The SACE Board also leases vehicles from LeasePlan. These leases are cancellable on 6 months' notice.

The operating lease expenses incurred by the SACE Board were \$1 193 009 (2016: \$1 239 037).

Note 24 Remuneration of Board and committee members

The members who were entitled to receive remuneration for services during the 2017 calendar year were:

SACE Board of South Australia**Presiding Member**

Ms JE Danvers

Deputy Presiding Member

Mr RJ Debelle

Members

Mrs C Bauer

Ms HF O'Brien

Ms PM Ronan

Mr P Vaughan

Professor MS Westwell

Mr KF Hebenstreit

Ms MI Guppy

	2017	2016
The number of Board and committee members whose remuneration received or receivable falls within the following bands:		
\$0 to \$9 999	2	2
\$10 000 to \$19 999	6	5
\$20 000 to \$29 999	1	1
Total number of Board and committee members	9	8

Remuneration of members reflects all costs of performing Board/committee member duties, including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits, and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$108 000 (2016: \$95 000).

In accordance with the Department of Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for Board duties during the calendar year.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

Note 25 Related party transactions

The SACE Board of South Australia is an independent statutory authority of the South Australian Government established by the *SACE Board of South Australia Act 1983*.

Related parties of the SACE Board include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests in the Government.

Key management personnel

Key management personnel of the SACE Board include the Minister, the Chief Executive Officer, Board members, and the three members of the Executive Team who have responsibility for the strategic direction and management of the SACE Board.

Total compensation for the SACE Board's key management personnel was \$949 000. Salaries and other benefits that the Minister for Education and Child Development receives are excluded from this total. The Minister'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 of the *Parliamentary Remuneration Act 1990*.

The SACE Board has not identified any material transactions with key management personnel and other related parties during 2017.

Note 26 Financial risk management / financial instruments

26.1 Financial risk management

Risk management is managed by the SACE Board's Corporate Services group, and agency 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*.

The SACE Board's exposure to financial risk (liquidity, credit, and market) is insignificant based on past experience and current assessment of risk.

The SACE Board is funded principally from appropriation by the SA Government. The board works with the Department of Treasury and Finance 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.

There have been no changes in risk exposure since the last reporting period.

26.2 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 and financial liability, are disclosed in Note 2.

The carrying amounts of financial assets and financial liabilities are detailed below. Financial liabilities are measured at cost.

		2017	2016
		\$'000	\$'000
	Note	Carrying amount/ fair value	Carrying amount /fair value
Financial assets			
Cash and equivalents			
Cash and cash equivalents	14	10 773	11 063
Loans and receivables			
Receivables ⁽¹⁾⁽²⁾	15	484	129
Total financial assets		11 257	11 192

Financial liabilities

Financial liabilities at cost

Payables ⁽¹⁾		497	915
Other financial liabilities (replacement teachers)	19	626	834

(1) 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 (not materially different from amortised cost).

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 15 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132, as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Certification of the financial statements

We certify that the attached general purpose financial statements for the SACE Board of South Australia:

- 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 SACE Board of South Australia
- present a true and fair view of the financial position of the SACE Board of South Australia as at 31 December 2017 and the results of its operations and cash flows for the calendar year.

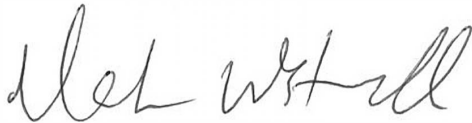
We certify that the internal controls employed by the SACE Board of South Australia for the calendar year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Jane Danvers
Presiding Member

26th March 2018

Date:



Professor Martin Westwell
Chief Executive

27th March 2018

Date:



Alan Herman
Team Leader — Finance, Risk and Audit

Date: 27th March 2018

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
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 SACE Board of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 19A of the *SACE Board of South Australia Act 1983*, I have audited the financial report of the SACE Board of South Australia (the Board) for the financial year ended 31 December 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the SACE Board of South Australia as at 31 December 2017, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated 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 31 December 2017
- a Statement of Financial Position as at 31 December 2017
- a Statement of Changes in Equity for the year ended 31 December 2017
- a Statement of Cash Flows for the year ended 31 December 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, Chief Executive and Team Leader, Finance, Risk and Audit.

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 Board. 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 have been met.

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

Responsibilities of the Chief Executive and the Board 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 the Treasurer's Instructions promulgated 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.

The Board is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

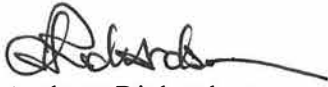
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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
- 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 and Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

28 March 2018