



**Teachers
Registration Board**
OF SOUTH AUSTRALIA

TEACHERS REGISTRATION BOARD OF
SOUTH AUSTRALIA
2018-19 Annual Report

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ISSN: 1837-7068 (Print)

ISSN: 1837- 7076 (Online)

Date presented to Minister: 27 September 2019

To: John Gardner MP
 Minister for Education

This annual report will be presented to Parliament to meet the statutory reporting requirements of the *Public Sector Act 2009*, the *Public Finance and Audit Act 1987* and 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.

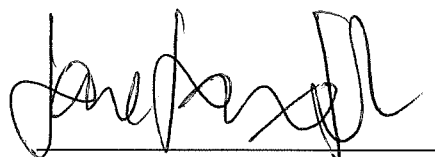
Submitted on behalf of the Teachers Registration Board of South Australia by:

Dr Jane Lomax-Smith

Presiding Member

Date 23 September 2019

Signature

A handwritten signature in black ink, appearing to read 'Jane Lomax-Smith', written over a horizontal line.

Contents

Overview: about the agency	5
Our strategic focus.....	5
Agency contribution to whole of Government objectives.....	5
Our organisational structure.....	6
Changes to the agency	6
Our Minister	6
Our Executive team	7
Legislation administered by the agency	7
The agency’s performance at a glance	9
Agency specific objectives and performance	10
Registration.....	10
Compliance audit	11
Professional Leadership	14
Prepare beginning teachers	14
Support experienced teachers	15
Reform of the Teachers Registration and Standards Act 2004	15
Working with Children Check	15
Professional Conduct or Capacity to Teach.....	16
Table 6: Notifications.....	17
Matters before the Board	18
Admissions Hearings	18
Fitness and propriety.....	18
Inquiries – Part 7	18
Admissions Hearings – Part 5 – Fitness and Propriety	21
Combined Part 5 and Part 7 matters.....	21
Work health and safety/injury management.....	22
Executive employment in the agency.....	22
Financial performance	23
Financial performance at a glance	23
Contractors disclosure	23
Risk management.....	25
Fraud detected in the agency.....	25

Strategies implemented to control and prevent fraud.....	25
Whistleblowers disclosure.....	25
Public complaints.....	26
Appendix: Audited financial statements 2018-19.....	27

Overview: about the agency

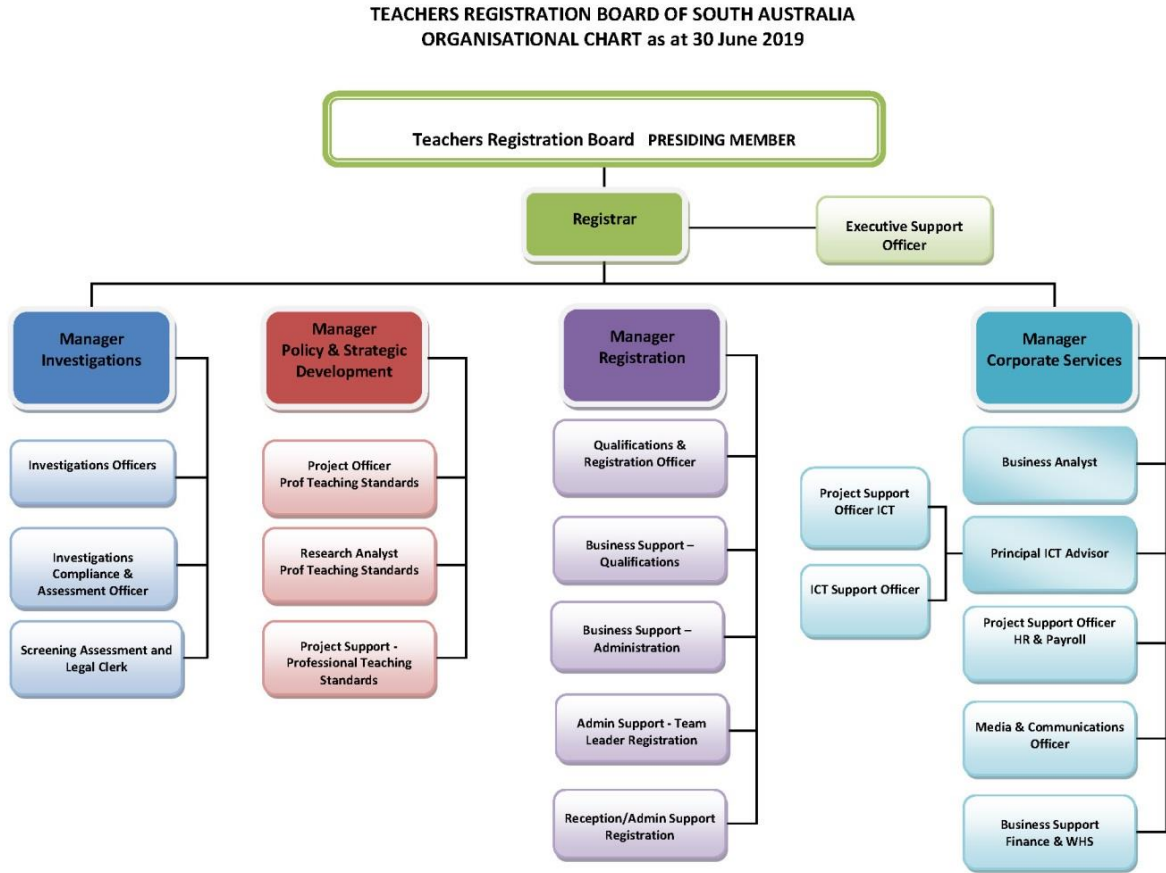
Our strategic focus

Our Purpose	The Teachers Registration Board (the Board) regulates the teaching profession in South Australia. The Board maintains, in the public interest, a teacher registration system and professional standards to ensure members are competent and fit and proper persons to have the care of children.
Our Vision	Registered teachers who are qualified, capable, well-prepared and supported who practise at a consistently high standard and engage in continuous professional learning. An engaged, skilled and productive workforce. Engaged and informed stakeholders.
Our Values	Professional, capable and effective teachers who place learners at the centre of all they do.
Our functions, objectives and deliverables	Prepare beginning teachers and support experienced teachers. Promote and inspire public confidence in the teaching profession. Empower stakeholders to work with us. Ensure only teachers meeting high standards remain in the profession. Maintain an accurate online public register.

Agency contribution to whole of Government objectives

Key objective	Agency's contribution
More jobs	The Board is an independent statutory body with a predominantly regulatory function.
Lower costs	The teacher registration fee has not increased since 2014. We continue to fulfil our obligations in an effective and timely manner within our budget.
Better Services	The Board continues to build capacity and capability through partnerships with co-regulators, fulfilment of our remit to accredit initial teacher education programs, our work towards national consistency of teacher registration and the continued implementation of online services.

Our organisational structure



As at 30 June 2019

Changes to the agency

During 2018-19 there were no changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

Our Minister

The Hon John Gardner MP is Minister for Education and Member for Morialta. The Minister oversees Education and Child Development, Higher Education and Skills – TAFE functions.

Our Executive team

Dr Peter Lind, Registrar

The Registrar of the Board is appointed by His Excellency the Governor of South Australia pursuant to section 15 of the *Teachers Registration and Standards Act 2004* (the Act). The Registrar manages the Secretariat, implements the policies and decisions of the Board and is responsible for the *Register of Teachers* and other matters delegated by the Board.

The Secretariat, comprised of four units, is structured to carry out the operational functions of the agency and to provide executive support to the Board.

Policy & Strategic Development

The Policy & Strategic Development team engages with and provides ongoing support for teachers through the regulation of the teaching profession, policy development and the accreditation of all initial teacher education programs offered by South Australian higher education institutions.

Investigations

The Investigations team ensures that only fit and proper persons are, or continue to be, registered as teachers by investigating allegations of unprofessional conduct against teachers to determine whether there is proper cause for disciplinary action. The team also investigates allegations relating to a teacher's capacity or competence to teach.

Registration

The Registration team ensures a minimum quality standard is applied to all teachers entering or currently teaching in South Australia.

Corporate Services

Corporate Services ensures the efficient operation and administration of the Teachers Registration Board.

Legislation administered by the agency

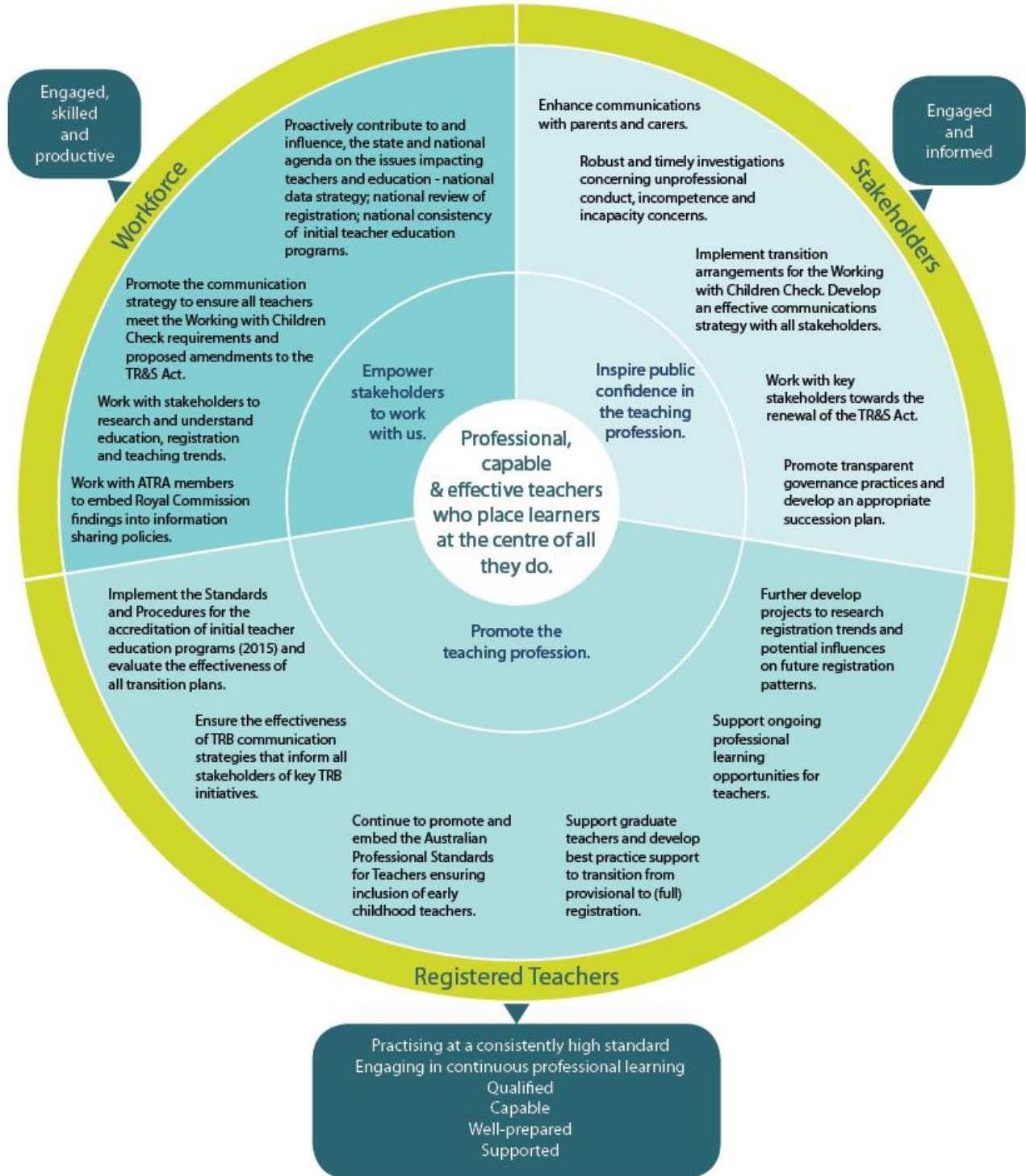
Teachers Registration and Standards Act 2004
Teachers Registration and Standards Regulations 2016

The Teachers Registration Board is established under the [Teachers Registration and Standards Act 2004](#) (the Act) and the [Teachers Registration and Standards Regulations 2016](#) (the Regulations) to regulate the teaching profession.

The object of the Act is to establish and maintain a teacher registration system and professional standards for teachers to safeguard the public interest in there being a teaching profession whose members are competent educators and fit and proper persons to have the care of children.

The Board is an independent statutory authority and exercises the powers in the Act, and has the [responsibilities determined in the Act](#). The Board is a specialist body and members are appointed with a view that they will bring specialist expertise to their responsibilities as Board members.

Strategic Plan 2018-2020



The agency's performance at a glance

Our work in 2018-2019...

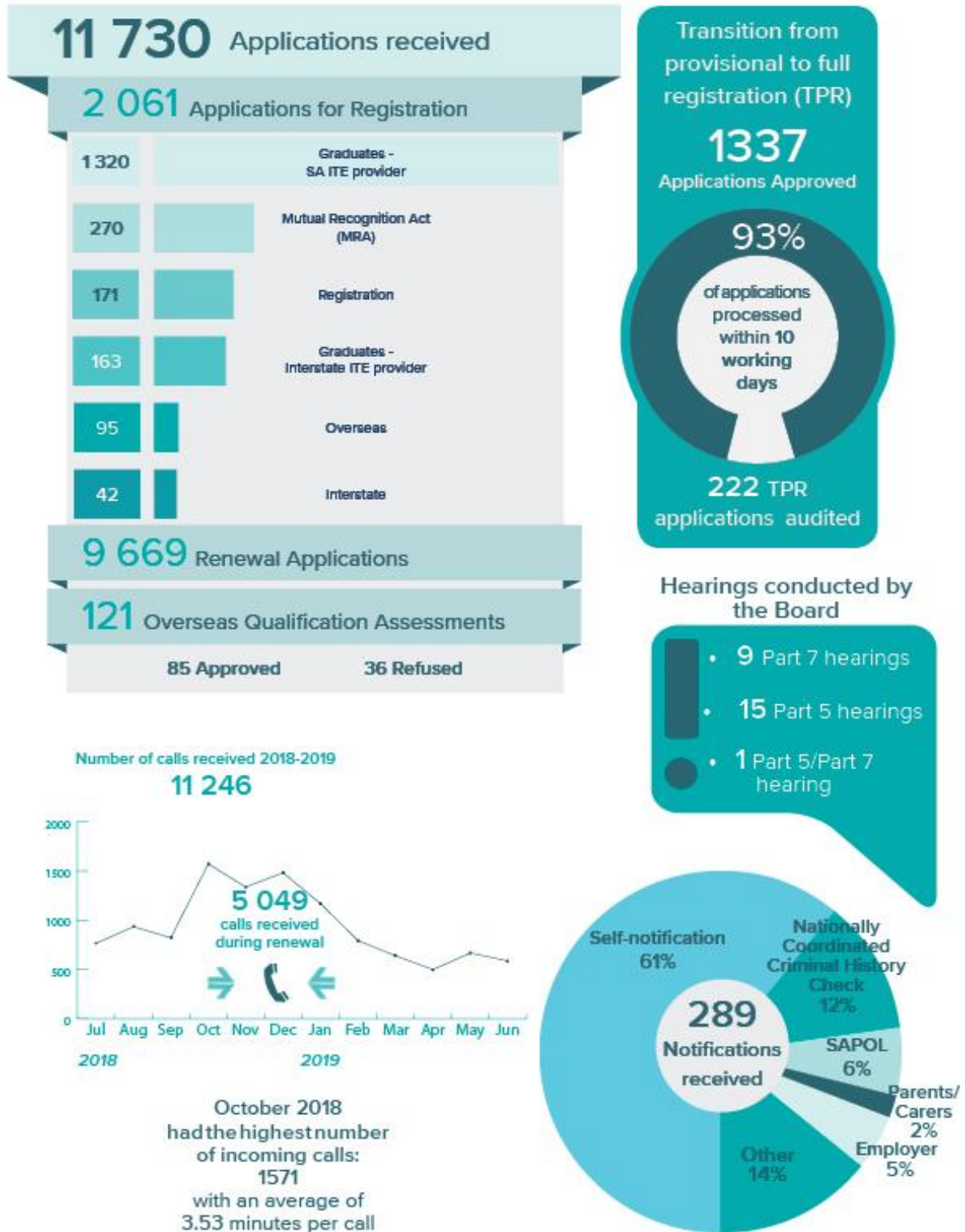


Figure 1: Our work

Agency specific objectives and performance

Registration

- 9 669 renewal of registration applications were received.
- 1 337 teachers were approved to move from provisional registration to (full) registration and quarterly audits were conducted to identify any issues.
- 100% of eligible teachers renewed their registration using the online portal.

Table 1: Applications for Teacher Registration

Applications for Teacher Registration	2017-2018	%	2018-2019	%
Renewal of Registration	11 393	86%	9 669	82%
New Applicants	1 908	14%	2 061	18%
<i>Graduates from SA initial teacher education (ITE) providers</i>	1 099	58%	1 320	64%
<i>Graduates from interstate ITE providers</i>	199	11%	163	8%
<i>Mutual Recognition Act (MRA*)</i>	272	14%	270	13%
<i>Overseas</i>	64	3%	95	5%
<i>Interstate</i>	60	3%	42	2%
<i>Registration (first time applicants)</i>	214	11%	171	8%
Total Applications	13 301	100%	11 730	100%

*A Mutual Recognition Application is used when an applicant holds current teacher registration in another state or territory in Australia or New Zealand.

Table 2: Application for Transition from Provisional to (full) Registration

Application for Transition from Provisional to (full) Registration Processing	2017-2018	%	2018-2019	%
Number of applications received	1 705		1 384	
• processed within 10 working days	1 538	90%	1 241	90%
• processed within 20 working days	37	2%	54	4%
• processed over more than 20 working days	35	2%	42	3%
• returned as incomplete	74	5%	47	3%
• exception/in progress	21	1%	0	0%
Number of applications audited**	140	8%	222	16%

**A random selection of teachers who transitioned to (full) Registration was audited to monitor and ensure consistency in decision-making.

Table 3: Breakdown of Renewal of Registration

Renewal of Registration	2017-2018	%	2018-2019	%
Applications processed	11 382		9 669	
Applications accessed online through the Teachers Portal	11 382	100%	9 669	100%

Table 4: Breakdown of New Applicants - Overseas Qualified

Origin of New Applicants – Overseas Qualified	2018-2019	%
Africa	17	21%
Americas	15	19%
Asia	18	23%
Europe	9	11%
United Kingdom	16	20%
Middle East	2	3%
South Pacific	2	3%
Total	79	100%

Table 5: Movement of Teachers via Mutual Recognition Application

Movement of Teachers via MRA	2017-2018	2018-2019
Incoming Mutual Recognition Application (MRA) applicants from other states, territories and NZ	272	270
Outgoing MRA applicants to other states, territories and NZ	307	368

Compliance audit

To ensure only registered teachers are teaching in South Australian schools and early childhood services, the Board undertakes an annual Compliance Audit of all sites.

The audit was conducted in February 2019.

Eight teachers were identified as working at an education site unregistered.

It was determined that these incidents were oversights. Seven were immediately re-registered under a modified process and one teacher was deemed under [Mutual Recognition](#).

One applicant was identified with an expired Special Authority to Teach and was issued with an Emergency Special Authority to Teach.

Whilst all those all involved were lapsed but eligible for renewal, the employers were each issued with a warning letter explaining their obligations under the Act.

Our teachers... 35 857 Registered Teachers

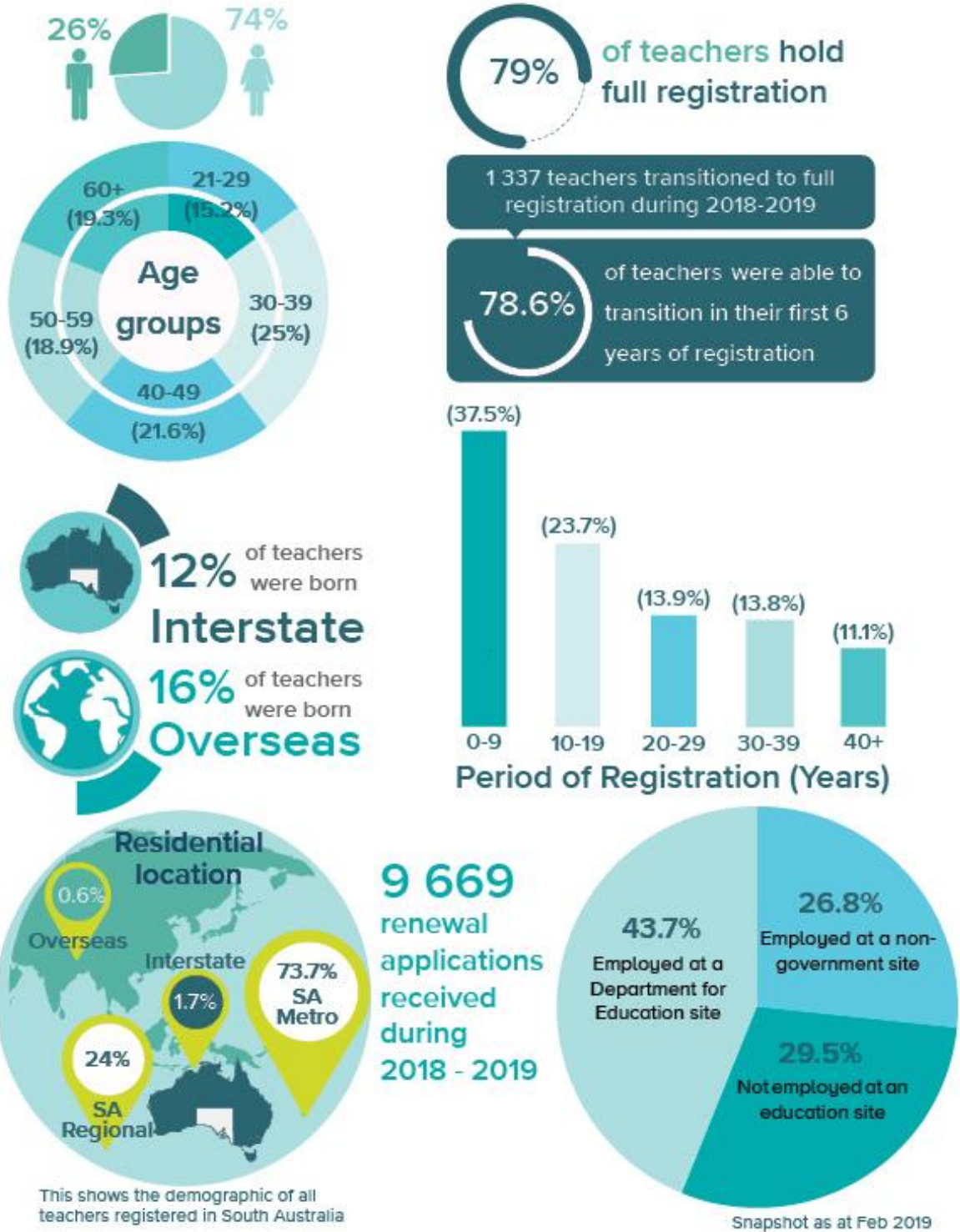


Figure 2: Our teachers

Professional Leadership

Prepare beginning teachers

The Board is responsible for the accreditation of all initial teacher education (ITE) programs offered by South Australian higher education institutions for the purposes of registration, and for regulating the teaching profession in South Australia.

Accreditation in South Australia is part of a nationally consistent approach which aims to ensure all ITE programs are of high quality and that all teacher education students have the opportunity to meet the [Australian Professional Standards for Teachers](#) at the 'Graduate' career stage.

During this reporting period the Board:

- accredited seven ITE programs
- declined to accredit one ITE program
- approved a one year extension to five accredited programs
- approved variations to five programs
- commenced accreditation of one ITE program.

The Board worked with stakeholders to implement recommended actions from the [Fostering our next generation of teachers](#) report published in 2018. In particular, the Board has worked in partnership with the Department for Education to deliver workshops that equip mentor teachers with best practice tools to guide new teachers. Partnerships with other South Australian employers are in development.

The Board conferred and collaborated with the Australian Institute for Teaching and School Leadership (AITSL), Australasian Teacher Regulatory Authorities (ATRA) and Initial Teacher Education providers to implement the 2018 nationally consistent accreditation of initial teacher education programs standards and procedures. This included provider Teaching Performance Assessments and Annual Reporting. The Board also worked with these partners in stage two accreditation, standard setting, and benchmarking initiatives as we continue to work towards maintaining rigour and national consistency in the accreditation process.

The Board holds regular information sessions at campuses for final year ITE students to guide them through the registration process and requirements. In response to the national review of teacher registration and in order to strengthen relationships with students early in their programs, additional sessions were introduced in 2019 that focussed on the Australian Professional Standards for Teachers and the professional responsibilities of teaching. Sessions are also held during the year at various locations to explain the transition process for graduate teachers to move from provisional to (full) registration.

Support experienced teachers

The Board conducted surveys with teachers who did not renew their teacher registration in 2018 and 2019 respectively. Approximately 28 % of surveyed teachers responded providing important information to shape future registration requirements.

The Board conducts regular sessions at various locations and events for stakeholders (union members, temporary relief teachers, public, Catholic and independent sectors). These sessions provide clarification on professional learning and an opportunity to discuss registration matters.

Reform of the Teachers Registration and Standards Act 2004

Cabinet has approved the drafting of a Bill to amend the [Teachers Registration and Standards Act 2004](#) (the Act). A discussion paper 'Enhancing Teacher Registration in South Australia' was released by the Minister on 18 April 2019. The paper was promoted by the Board and on the YourSAy website. The consultation period closed on 31 May 2019 with written submissions received from 11 stakeholders.

The Board conducted a survey as part of the consultation process with 2,338 respondents. Nearly 89% of respondents identified as teachers with the remainder being parents, community members and other education sector employees. Consultation sessions were held across 14 regional and metropolitan locations with approximately 400 attendees representing a broad range of stakeholders and all teaching genres. A paper has been prepared for the Minister for approval of drafting instructions for Parliamentary Counsel to prepare draft amendments to the Act.

Working with Children Check

The [Child Safety \(Prohibited Persons\) Act, 2016](#) and the [Children's Protection Law Reform \(Transitional Arrangements and Related Amendments\) Act 2017](#). The Act and amendments require all persons working with children, including registered teachers, to hold a current working with children check (WWCC).

Subject to transitional arrangements a person cannot apply for or hold registration as a teacher if they do not provide evidence of a current WWCC. The Board has implemented policy and procedures to ensure compliance with this new requirement.

Prior to the 1 July 2019 commencement of the Act, the Board instigated an extensive communications plan to advise registered teachers and applicants for registration of this requirement. This included website information, emails, publications, and 14 information sessions held in conjunction with the Legislative Reform consultation process.

Professional Conduct or Capacity to Teach

Professional conduct and capacity to teach encompasses the behaviour of teachers as well as the fitness of teachers to perform their role.

The Board receives notifications regarding teachers from a range of sources, including self-notifications, complaints, employer notifications, South Australia Police (SAPOL), Director of Public Prosecutions (DPP) and results of National Police History Checks. In the current reporting period 289 notifications were reported to the Board (refer to Table 6). When a notification is made, a thorough assessment is conducted and serious matters are referred for further detailed investigation.

The Board can inquire into any notification that provides evidence a registered teacher is seriously incompetent; has engaged in unprofessional conduct; is unfit to teach; or their capacity to teach is seriously impaired by an illness or disability affecting their behaviour or competence as a teacher.

The Board will not investigate where a notification is frivolous or vexatious, is not supported by evidence or is not within the Board's jurisdiction.

In addition, the Board is monitoring a number of teachers with conditions imposed on their registration by the Board as a result of a formal hearing or by consent.

Table 6: Notifications

Source	Explanation	2017 - 2018	2018 - 2019
Self-notifications	On application for registration or renewal of registration all teachers are required to declare to the Board any information that may have bearing on their professional conduct as a teacher. It is also a condition of registration that a person must notify the Board if: <ul style="list-style-type: none"> they are dismissed or resign as a practising teacher following allegations of unprofessional conduct or improper conduct relating to a child or, they are charged with or convicted of a specified offence. 	50%	61%
Employer	Employers must notify the Board of the dismissal or resignation of a teacher following allegations of unprofessional conduct. Employers must also notify the Board if they have reason to believe a teacher's capacity to teach is seriously impaired by an illness or disability affecting their behaviour or competence as a teacher.	11%	5%
Nationally Coordinated Criminal History Check	On application for registration and renewal of registration a Nationally Coordinated Criminal History Check is conducted by the Board with the consent of the applicant. The checks are conducted through the Australian Criminal Intelligence Commission which accesses disclosable police history information from all Australian police jurisdictions.	11%	12%
South Australia Police (SAPOL)/ Director of Public Prosecutions (DPP)	The Board has arrangements with SAPOL and the DPP, in accordance with the Act, regarding the provision of information relative to a person's fitness to be or continue to be a registered teacher, including information regarding the laying of charges and convictions. In instances where a teacher is charged with a child related offence the Board places conditions on their registration mirroring their bail conditions until the matter is finalised.	8%	6%
Parents/Carers	The Board receives notifications from parents and carers. These are carefully evaluated by the Registrar to determine appropriate action.	10%	2%
Other	This includes any source, other than those covered in the above categories, and includes complaints from members of the public, colleagues and interstate regulatory authorities.	10%	14%

Matters before the Board

Admissions Hearings

The Board conducted 13 hearings under Part 5 of the Teachers Registration and Standards Act 2004 (the Act) in relation to applicants who did not hold the requisite qualifications and/or experience as prescribed in the Act or Regulations.

Three applications were from new or formerly registered applicants. Three were from applicants who held restricted registration at the time of applying and seven were applications to renew provisional registration through a modified application process where the registrant had not obtained the necessary experience to transition from provisional to full registration.

Six applicants were granted the renewal of their provisional registration and an extension of time to transition to full registration.

Three applicants were granted provisional registration with conditions.

One applicant was refused renewal of their provisional registration and not granted an extension of time to transition to full registration

One applicant was granted provisional registration.

One applicant was granted registration with conditions.

One applicant was granted a Special Authority for an Unregistered Person to Teach.

Fitness and propriety

The Board conducted nine disciplinary inquiries under Part 7 of the Act and two admissions hearings under Part 5 of the Act in relation to fitness and propriety issues. One hearing was conducted pursuant to both Parts 5 and 7.

Inquiries – Part 7

One of the methods in which the Board ensures that only fit and proper persons are, or continue to be registered as teachers is by assessment of allegations of unprofessional conduct against teachers to determine whether there is proper cause for disciplinary action.

Proceedings commence when a formal complaint is laid before the Board by the Registrar or alternatively, on the Board's own motion. There were nine inquiries conducted pursuant to Part 7, Section 35 of the Act to determine whether the conduct of a teacher constituted proper cause for disciplinary action.

A registered teacher was found guilty of unprofessional conduct. He received a reprimand and his registration was suspended for no less than a period of six months.

He sent a series of inappropriate electronic messages to a student while he was teaching in the United Kingdom (circa 2005). At that time the conduct was considered by authorities in the United Kingdom. The registrant failed to declare when applying for both registration and employment in South Australia.

Conditions were imposed upon his registration relative to consultations with a psychologist and the provision of a satisfactory psychological report before the suspension could be lifted.

A registered teacher was found guilty of unprofessional (being both disgraceful and improper) conduct. He had a prior exemplary teaching record. He was reprimanded by the Board.

He engaged in professional boundary breaches including inappropriate electronic communications with a student and engaged in unwarranted and unwanted (non-sexual) physical contact with that same student.

Conditions were imposed upon his registration requiring regular reports from his principal addressing his progress in maintaining appropriate professional boundaries with students and a psychological report on his insight into the professional boundaries relevant to the teaching context.

A registered teacher was found guilty of unprofessional (being both disgraceful and improper) conduct and that he was not a fit and proper person to be a registered teacher. His registration was cancelled with immediate effect and he was disqualified from being a registered teacher on a permanent basis.

He was found guilty in the Adelaide District Court of one count of aggravated producing child exploitation material and one count of aggravated possession of child exploitation material.

He was sentenced to a term of imprisonment of fifteen months with a non-parole period of eight months which was suspended upon him entering into a bond to be of good behaviour for a period of two years.

A registered teacher was found guilty of unprofessional (being improper) conduct. His registration was cancelled with immediate effect.

The unprofessional conduct involved inappropriate communication with students.

A formerly registered teacher was found guilty of unprofessional (being both disgraceful and improper) conduct and that he was not a fit and proper person to be registered as a teacher. He was disqualified from being a registered teacher on a permanent basis.

He entered a plea of guilty in the Supreme Court of South Australia to one count of murder.

He was sentenced to a term of imprisonment for life, with a non-parole period of fifteen years.

A formerly registered teacher was found guilty of unprofessional (being both disgraceful and improper) conduct and that she was not a fit and proper person to be registered as a teacher. She was disqualified from being a registered teacher on a permanent basis.

She entered a plea of guilty in the Adelaide District Court to one count of making communication with the intention of procuring a child to engage in or submit to sexual activity.

She was sentenced to a term of imprisonment which was suspended upon her entering into a bond to be of good behaviour for a period of three years.

A formerly registered teacher was found guilty of unprofessional (being both disgraceful and improper) conduct and that he was not a fit and proper person to be registered as a teacher. He was disqualified from being a registered teacher on a permanent basis.

He entered a plea of guilty in the Adelaide District Court to three counts of aggravated producing child exploitation material, one count of aggravated possession of child exploitation material and one count of possessing child exploitation material.

He was sentenced to a term of imprisonment of three years with a non-parole period of two years.

A registered teacher was found guilty of unprofessional conduct and that she was not a fit and proper person to be registered as a teacher. Her registration was cancelled with immediate effect and she was disqualified from being a registered teacher until further order.

The unprofessional conduct involved the provision of fraudulent medical certificates to her employer on more than one occasion.

A registered teacher was found guilty of unprofessional conduct and that he was not a fit and proper person to be registered as a teacher. His registration was cancelled with immediate effect and he was disqualified from being a registered teacher for a period of five years.

The unprofessional conduct involved a conviction for theft and a conviction for committing a speeding offence while driving a motor vehicle with methamphetamine in his oral fluid.

Admissions Hearings – Part 5 – Fitness and Propriety

There were two hearings held regarding an applicant's eligibility for registration pursuant to Part 5 of the Act in relation to fitness and propriety. A further matter was part-heard.

The Board must determine if a person is "fit and proper" to be registered as a teacher. Fit and proper is a legal term that has been used for over 100 years. The Board must be satisfied that a teacher is honest, competent, knowledgeable, skilful and is of good character.

An applicant for re-registration disclosed she had been the subject of disciplinary proceedings by her employer. She was unable to satisfy the Board that she is a "fit and proper person" to be admitted to the Register of Teachers.

The applicant made significant errors of judgement and in her conduct and behaviour towards students. The applicant had engaged in behaviour that was a significant departure from the conduct expected in her role as a drama teacher including directing students to mimic sexual acts as part of a SACE Stage 1 and Stage 2 Drama performance.

An applicant for registration disclosed he had multiple physical injuries that could affect his capacity to discharge the duties and responsibilities of a registered teacher. He was able to satisfy the Board that he is a "fit and proper person" to be admitted to the Register of Teachers.

Conditions were imposed upon his registration requiring regular reports from his employer and limiting the amount of time and in what capacity he could teach.

Combined Part 5 and Part 7 matters

The Board conducted one hearing to consider a renewal application from a formerly registered teacher (Part 5) and whether her conduct while registered constituted proper cause for disciplinary action (Part 7).

An applicant for re-registration declared she had been the subject of disciplinary proceedings by her employer and subsequently dismissed. She was found guilty of unprofessional conduct (namely incompetence).

Conditions were imposed upon her registration including requiring regular reports from a suitable mentor who could support her in professional day to day practice.

Work health and safety/injury management

There were no workplace injuries or incidents reported during this reporting period or the previous reporting period 2017-18.

The Board negotiated and entered into a *Memorandum of Administrative Arrangement - Injury Management and Preventions Services* with the Department of the Premier and Cabinet for the term commencing 1 July 2018 to 30 June 2020.

Data for previous years is available at: <https://www.trb.sa.edu.au/search?site=annual+report>

Executive employment in the agency

Executive classification	Number of executives
As of 30 June 2019, one untenured person was employed as the Registrar on a South Australian Executive Service contract at the SES010 level. This contract runs until February 2020.	One

Data for previous years is available at: <https://www.trb.sa.edu.au/search?site=annual+report>

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

Financial performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2018-19 are attached to this report.

The fees paid by teachers fund the operation of the Board with no financial support from external sources, including SA or Commonwealth Governments, other than reimbursement of expenditure incurred. Financial sustainability is critical for the Board with prudent financial modelling over a three-year period, aligning with the registration cycle for teachers.

Statement of Comprehensive Income	2018-19 Budget \$000s	2018-19 Actual \$000s	Variation \$000s	2017-18 Actual \$000s
Expenses	4,742	4,545	197	4,694
Revenues	3,987	4,324	337	4,961
Net result	(755)	(221)	534	267
Total Comprehensive Result	(755)	(221)	534	267

Statement of Financial Position	2018-19 Actual \$000s	2017-18 Actual \$000s
Current assets	10,429	10,595
Non-current assets	420	433
Total assets	10,849	11,028
Current liabilities	449	586
Non-current liabilities	1,163	984
Total liabilities	1,612	1,570
Net assets	9,237	9,458
Equity	9,237	9,458

Contractors disclosure

The following is a summary of external contractors who have been engaged by the agency, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

Contractors with a contract value below \$10,000

Contractors	Purpose	\$ Actual payment
All contractors below \$10,000 each - combined	Various	\$36,560

Contractors with a contract value above \$10,000 each

Contractors	Purpose	\$ Actual payment
Australian Criminal Intelligence Commission (ACIC)	Controlled access to National Police Checking Service (NPCS) to conduct 11,427 Nationally Coordinated Criminal Record Checks	\$ 262,800
Frontier Software	Provide payroll services for TRB employees	\$ 20,050
Orion	ICT Maintenance and support services in relation to core operating system Microsoft CRM	\$ 36,000
Loftus IT Services	ICT Maintenance and support services in relation to ICT infrastructure and security compliance	\$ 42,620
	Total	\$ 361,470

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. This website also provides details of [across government contracts](#).

Risk management

Fraud detected in the agency

Category/nature of fraud	Number of instances
No instances of fraud in this reporting period.	Zero

NB: Fraud reported includes actual and reasonably suspected incidents of fraud.

Strategies implemented to control and prevent fraud

The risk of fraud, corruption and other criminal conduct, misconduct and maladministration within the Board is systematically identified, analysed and evaluated on a regular basis, consistent with the Board's Risk Management Framework.

Each business unit develops and tailors internal controls and systems that are appropriate for their operations and risk profile.

The following is a summary of prevention activities currently in place:

- all employees have completed the Department of the Premier and Cabinet 'Code of Ethics Awareness' program.
- the TRB has adopted the South Australian Public Sector Fraud and Corruption Control Policy
- promotion of established systems to staff and awareness development including:
 - maintain effective system of internal controls
 - established policy, procedure and register for the 'Receipt of Gifts, Benefits and Favours'
- periodic sessions with employees to raise awareness of legislated ethical obligations
- risk assessments embedded into daily operations and projects
- employment screening upon employment and at regular intervals
- employee exit procedures and checks
- employee assistance program in place with an external provider
- regular review of financial management policies and procedures
- maintain effective procurement governance framework with periodic audits.

Data for previous years is available at: <https://www.trb.sa.edu.au/search?site=annual+report>

Whistleblowers disclosure

The Board has appointed a responsible officer for the purposes of the *Public Interest Disclosure Act 2018*(PID), pursuant to section 7 of the *Public Sector Act 2009*.

There have been zero instances of disclosure of public interest information to a responsible officer of the Board under the PID during the 2018-19 year.

Data for previous years is available at: <https://www.trb.sa.edu.au/search?site=annual+report>

Public complaints

There have been no public complaints received during the reporting period.

Data for previous years is available at: <https://www.trb.sa.edu.au/search?site=annual+report>

Appendix: Audited financial statements 2018-19

FINANCIAL STATEMENTS

for the year ended
30 June 2019

TEACHERS REGISTRATION BOARD
OF SOUTH AUSTRALIA



Our ref: A19/238

24 September 2019

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Presiding Member
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Dear Lomax-Smith

Audit of Teachers Registration Board of South Australia for the year to 30 June 2019

We have completed the audit of your accounts for the year ended 30 June 2019. Two key outcomes from the audit are the:

- 1 Independent Auditor's Report on your agency's financial report
- 2 audit management letter recommending you address identified weaknesses.

1 Independent Auditor's Report

We are returning the financial statements for Teachers Registration Board of South Australia, with the Independent Auditor's Report. This report is unmodified.

The *Public Finance and Audit Act 1987* allows me to publish documents on the Auditor-General's Department website. The enclosed Independent Auditor's Report and accompanying financial statements will be published on that website on Tuesday 15 October 2019.

2 Audit management letter

During the year, we sent you an audit management letter detailing the weaknesses we noted and improvements we considered you need to make.

We have not received responses to our letter and will follow these up in the 2018-19 audit.

What the audit covered

Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

For official use only

Our audit covered the principal areas of the agency's financial operations and included test reviews of systems, processes, internal controls and financial transactions. Some notable areas were:

- revenue
- expenditure
- payroll
- cash.

We concluded that the financial report was prepared in accordance with the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

I would like to thank the staff and management of your agency for their assistance during this year's audit.

Yours sincerely



Andrew Richardson
Auditor-General

enc



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To the Presiding Member Teachers Registration Board of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 18 (2) of the *Teachers Registration and Standards Act 2004*, I have audited the financial report of the Teachers Registration Board of South Australia (the Board) for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Teachers Registration Board of South Australia as at 30 June 2019, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the *Teachers Registration and Standards Act 2004* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, Registrar and Manager, Corporate Services.

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 Registrar and the members of the Board for the financial report

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

The members of the Board are 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, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Registrar
- 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 Registrar and members of the Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

A handwritten signature in black ink, appearing to read 'Andrew Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

24 September 2019

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached general purpose financial statements for the Teachers Registration Board of South Australia (the Board):

- 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 Board; and
- present a true and fair view of the financial position of the Board as at 30 June 2019 and the results of its operation and cash flows for the financial year.

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




Jane Lomax-Smith
Presiding Member

23 September 2019



Peter Lind
Registrar

23 September 2019



Cathy Lewis
Manager, Corporate Services

23 September 2019

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
Expenses			
Employee and staff benefits expenses	2.3	3,237	3,261
Supplies and services	3.1	1,195	1,328
Depreciation and amortisation expense	3.2	113	105
Total expenses		4,545	4,694
Income			
Fees and charges	4.1	4,169	4,808
Interest revenues		146	144
Other income	4.2	9	9
Total income		4,324	4,961
Net result		(221)	267
Total comprehensive Income		(221)	267

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note No	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	6.1	10,383	10,559
Receivables	6.2	46	36
Total current assets		10,429	10,595
Non-current assets			
Property, plant and equipment	5.1	108	159
Intangible assets	5.2	310	273
Receivables	6.2	2	1
Total non-current assets		420	433
Total assets		10,849	11,028
Current liabilities			
Employee and staff benefits	2.4	267	280
Payables	7.1	182	306
Total current liabilities		449	586
Non-current liabilities			
Employee and staff benefits	2.4	1,058	928
Payables	7.1	105	56
Total non-current liabilities		1,163	984
Total liabilities		1,612	1,570
Net Assets		9,237	9,458
Equity			
Retained earnings		9,237	9,458
Total Equity		9,237	9,458
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	9.1		
Contingent assets and liabilities	9.2		

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Retained earnings \$'000
Balance at 30 June 2017	9,191
Total comprehensive result for 2017-18	267
Balance at 30 June 2018	9,458
Total comprehensive result for 2018-19	(221)
Balance at 30 June 2019	9,237

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

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Cash outflows			
Employee and staff benefit payments		(3,088)	(3,082)
Payments for supplies and services		(1,457)	(1,357)
Cash used in operations		(4,545)	(4,439)
Cash inflows			
Fees and charges		4,169	4,808
Interest received		147	143
Other receipts		11	9
GST recovered from the ATO		141	161
Cash generated from operations		4,468	5,121
Net cash provided by operating activities		(77)	682
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		-	-
Purchase of intangible assets		(99)	(77)
Cash used in investing activities		(99)	(77)
Net (decrease)/increase in cash and cash equivalents		(176)	605
Cash and cash equivalents at the beginning of the period		10,559	9,954
Cash and cash equivalents at the end of the period		10,383	10,559

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

**NOTES TO
AND
FORMING PART
OF THE FINANCIAL
STATEMENTS**

Contents

1.	About the Teachers Registration Board of South Australia.....	8
2.	Employee and staff benefits	9
3.	Expenses	13
4.	Income	14
5.	Non-financial assets.....	15
6.	Financial assets.....	17
7.	Liabilities	18
8.	Changes in accounting policy.....	19
9.	Outlook.....	20
10.	Measure and Risk	23

1. About the Teachers Registration Board of South Australia

The Teachers Registration Board (the Board) is an independent statutory authority established under the *Teachers Registration and Standards Act 2004* (the Act) and the *Teachers Registration and Standards Regulations 2016* (the Regulations) to regulate the teaching profession. The object of the Act is to establish and maintain a teacher registration system and professional standards for teachers to safeguard the public interest in the teaching profession whose members are competent educators and fit and proper persons to have care of children.

The functions of the Board are stated in Section 6 of the Act:

- a) *To administer the provisions of the Act for the regulation of the teaching profession;*
- b) *To promote the teaching profession and professional standards for teachers;*
- c) *To confer and collaborate with teacher education institutions with respect to the appropriateness for registration purposes, of teacher education courses;*
- d) *To confer and collaborate with teacher employers, the teaching profession, teacher unions or other organisations and other bodies and persons with respect to requirements for teacher registration and professional and other standards for teachers;*
- e) *To confer and collaborate with other teacher regulatory authorities to ensure effective national exchange of information and promote uniformity and consistency in the regulation of the teaching profession within Australia and New Zealand; and*
- f) *To keep the teaching profession, professional standards for teachers and other measures for the regulation of the profession under review and to introduce change or provide advice to the Minister of Education as appropriate.*

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

1.1. Basis of preparation

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

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

For the 2018-19 financial statements the Board adopted *AASB 9 – Financial Instruments* and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. Further information is provided in note 8.

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

The Board has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Board is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Board for the period ending 30 June 2019.

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

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

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

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

1.2. Workers compensation

The Board is self-insured for workers compensation purposes. The Board is responsible for the payment of workers compensation claims. For the period from 1 July 2018 to 30 June 2019, the Board has processed zero workers compensation claims.

A provision for workers compensation liabilities has not been included as there are no known existing claims or outstanding liabilities as at 30 June 2019.

2. Employee and staff benefits

2.1. Key management personnel

The Board is an independent statutory authority established under the *Teachers Registration and Standards Act 2004* (the Act) and is a wholly owned entity of the Crown.

Key management personnel of the Board include the Minister, the Registrar and Board and Deputy members of the Board who have responsibility for the strategic direction and management of the board.

Total compensation for the Board's key management personnel was \$305,000 in 2018 - 19 and \$295,000 in 2017-18. Salaries and other benefits the Minister for Education 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 the *Parliamentary Remuneration Act 1990*.

2.2. Board and committee members

Members during the 2019 financial year were:

Board members

1 July 2018 – 30 June 2019

Jane Lomax-Smith - Presiding Member

Mardi Barry*

Susan Miels* (resigned 19 June 2019)

Robert Woodbury*

Joanne Hill*

Colleen Tomlian*

David Coulter*

Patricia Cavanagh*

Lynda MacLeod

Bruno Vieceli**

Bernadine Bourne

David Freeman

Julie Clark

Helen Doyle* (resigned 22 February 2019)

Krsharmra Brandon* (appointed 14 March 2019)

Kate Cameron

Fiona Brady

Deputy Board members

1 July 2018 – 30 June 2019

Leona Graham*

Cezanne Green* (resigned 19 June 2019)

Peter Ryan

Shoma Roy*

Geeta Verma*

Marian Nayda*

Karen Roberts*

Meredith Beck

Michael Kenny**

Michael Francis**

Anthony Haskell**

Stephen Dobson (resigned 17 July 2018)

Graham Hardy (appointed 11 October 2018)

Marina Elliott* (resigned 22 February 2019)

Ian Lamb* (appointed 14 March 2019)

Monique Russell

David Caruso

The tenure of all members and deputy members expires on 30 March 2020.

The total value of remuneration paid or payable to eligible Board members, deputy Board members or their nominating organisations during the year was \$67,000 (\$66,000). This amount comprised sitting fees as well as a total of \$5,000 (\$4,000) paid to superannuation plans for eligible Board members.

As part of these arrangements, legal fees paid to two Board members during the year was \$6,000 (\$7,000). These legal fees were charged at an hourly rate approved by the Commissioner for Public Employment.

* In accordance with the Department of Premier and Cabinet Circular No. 16, government employees did not receive any remuneration for board/committee duties during the financial year.

** For some members/deputy members (attending in the absence of the member), the TRB remits their remuneration directly to their nominating organisations.

Board and committee remuneration

The number of members whose remuneration received falls within the following bands during the financial year:	2019	2018
\$0 - \$19,999	15	16
Total number of members	15	16

2.3. Employee and staff benefits expenses

	2019	2018
	\$'000	\$'000
Salaries and wages	2,268	2,314
Long service leave	155	124
Annual leave	200	237
Skills and experience retention leave	17	15
Employee and staff on-costs – superannuation	267	268
Employee and staff on-costs – other	142	116
Board and committee fees	67	66
Other employee and staff related expenses	121	121
Total employee and staff benefits expenses	3,237	3,261

Employee and staff benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

In addition to those directly employed by the Board there was one staff member nominally employed by the Department for Education as at 30 June 2019. The Board reimburses the Department for Education for this staff member.

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

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Board direct to the superannuation fund for Board members, the Board's employees and also through the Department for Education to the superannuation plan in respect of current services of Department for Education staff.

Executive remuneration

	2019 No	2018 No
The number of employees and staff whose remuneration received or receivable falls within the following bands:		
\$211 001 to \$231 000	-	1
\$231 001 to \$251 000	1	-
Total number of employees and staff	1	1

The table includes Board employees and staff who received remuneration equal to or greater than the base executive remuneration level during the year. The Board pays the Department for Education for the remuneration of a staff member. Remuneration of this staff member reflects all costs of employment including salary and superannuation contributions. The incumbent is contracted until 28 February 2020.

2.4. Employee and staff benefits liability

	2019 \$'000	2018 \$'000
Current		
Accrued salaries and wages	27	40
Annual leave	200	216
Purchase leave	13	2
Skills and experience retention leave	14	12
Long service leave	13	10
Total current employee and staff benefits	267	280
Non-current		
Long service leave	1,058	928
Total non-current employee and staff benefits	1,058	928
Total employee and staff benefits	1,325	1,208

These benefits accrue for employees and staff as a result of services provided up to the reporting date that remain unpaid. Long-term employee and staff benefits are measured at present value and short-term employee and staff 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 is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

2.5. Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 10.1.

3. Expenses

3.1. Supplies and services

	2019 \$'000	2018 \$'000
Accommodation and cleaning	278	272
Information technology expenses	227	188
Insurance	9	10
Minor works, maintenance and equipment	3	13
Postage and courier expenses	33	39
Printing, stationery and office consumables	41	50
Professional fees	21	20
Telecommunications	47	31
Enhanced screening charges	-	75
Sundry operating expenses	29	53
Criminal history checks	269	319
Legal costs	204	204
Promotions, research and sponsorship	34	54
Total supplies and services	1,195	1,328

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 Board not holding a tax invoice or payments relating to third party arrangements.

3.2. Depreciation and amortisation

	2019 \$'000	2018 \$'000
Depreciation and amortisation		
Plant and equipment	4	3
Leasehold improvements	47	47
Intangible assets	62	55
Total depreciation and amortisation	113	105

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.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are review and adjusted, if appropriate, on an annual basis. Changes in the expected 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.

3.3. Useful life

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)
Plant and equipment	1-7 years
Computer software	5 years
Leasehold improvements	Life of lease

4. Income

4.1. Fees and charges

	2019 \$'000	2018 \$'000
Regulatory fees	3,876	4,470
Other fees and charges	293	338
Total fees and charges	4,169	4,808

Revenues from fees and charges are recognised upon receipt by the Board.

Registration is for a three-year period. There is an uneven distribution of teachers due to renew in any given year which impacts on the revenue collection.

4.2. Other income

	2019 \$'000	2018 \$'000
Other income	9	9
Total other income	9	9

The Board received salary reimbursement from the Australian Institute for Teaching and School Leadership (AITSL) in 2017-18 and 2018-19 for the Board involvement in the Australian Teacher Workforce Dataset (ATWD) and for the Registrar to be a member of the expert panel to facilitate a national review of teacher registration.

5. Non-financial assets

5.1. Property, plant and equipment

	2019 \$'000	2018 \$'000
Leasehold improvements		
Leasehold improvements at fair value	579	579
Accumulated depreciation at the end of the period	(474)	(427)
Total leasehold improvements	105	152
Plant and equipment		
Plant and equipment at cost (deemed fair value)	120	120
Accumulated depreciation at the end of the period	(117)	(113)
Total plant and equipment	3	7
Total property, plant and equipment	108	159

Property, plant and equipment with a value equal to or in excess of \$10,000 is capitalised, otherwise it is expensed.

Property, plant and equipment is recorded at fair value. Detail about the Board's approach to fair value is set out in note 12.2.

Impairment

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

Reconciliation 2018-19

	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at 1 July 2018	152	7	159
Additions	-	-	-
Transfer from WIP	-	-	-
Depreciation and amortisation	(47)	(4)	(50)
Carrying amount at 30 June 2019	105	3	108

5.2. Intangible assets

	2019 \$'000	2018 \$'000
Computer software	1,342	1,274
Accumulated amortisation	(1,104)	(1,042)
Total computer software	238	232
Work in progress	72	41
Total intangible assets	310	273

Intangible assets are measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria and when the amount of expenditure is greater than or equal to \$10,000.

The work in progress relates to the enhancements to the 'Teachers Portal' for the online renewal of registration project for \$72,000. The project is scheduled to be capitalised by September 2019.

Reconciliation 2018-19

	Work in Progress	Computer software	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2018	41	232	273
Additions	72	27	99
Transfer from WIP	(41)	41	-
Depreciation and amortisation	-	(62)	(62)
Carrying amount at 30 June 2019	72	238	310

6. Financial assets

6.1. Cash and cash equivalents

	2019 \$'000	2018 \$'000
Deposits with the Treasurer	10,382	10,558
Imprest account/ cash on hand	1	1
Total cash and cash equivalents	10,383	10,559

The Teachers Registration Board has one deposit account with the Treasurer which is a general operating account. The Board earns interest on its deposits with the Treasurer.

6.2. Receivables

	2019 \$'000	2018 \$'000
Current		
Trade receivables	-	2
Prepayments	19	15
Accrued revenues	11	12
GST input tax recoverable	16	7
Total current receivables	46	36
Non-current		
Prepayments	2	1
Total non-current receivables	2	1
Total receivables	48	37

7. Liabilities

Employee and staff benefits liabilities are disclosed in note 2.4

7.1. Payables

	2019 \$'000	2018 \$'000
Current		
Trade payables	120	227
Accrued expenses	23	34
Employee and staff on-costs	39	45
Total current payables	182	306
Non-current		
Employee and staff on-costs	105	56
Total non-current payables	105	56
Total payables	287	362

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

The net amount of GST recoverable from the ATO is included as part of payables.

Employment on-costs

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

The Board makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to 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 has not changed from the 2018 rate (41%) and the actual cost of superannuation for employees has been used in the on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$7,000 and staff benefits expense of \$72,000.

8. Changes in accounting policy

8.1. Treasurer's Instructions (Accounting Policy Statements)

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. The change that impacts these financial statements is increasing the bands from \$10,000 to \$20,000 for employee and board member reporting. This change, however, does not impact on the amounts reported in the financial statements.

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective. This is further discussed in note 9.3.

8.2. AASB 9 Financial instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

As part of the adoption of AASB 9, the Board adopted consequential amendments to other accounting standards and the Treasurer's Instructions (Accounting Policy Statements) arising from the issue of AASB 9 as follows:

- *AASB 101 Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. In prior year, this information was presented as part of other expenses.
- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements)*, *AASB 9 Financial Instruments* was adopted without restating comparative information for classification and measurement requirements. All adjustments relating to classification and measurement are recognised in retained earnings at 1 July 2018.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

The total impact on the Board's retained earnings as at 1 July 2018 is immaterial.

9. Outlook

9.1. Unrecognised contractual commitments

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

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

Capital commitments

	2019 \$'000	2018 \$'000
Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:		
Within one year	19	31
Total capital commitments	19	31

The Board's capital commitment relates to the ICT project to updates of the core operating systems. These projects are expected to be completed by September 2019.

Operating lease commitments

	2019 \$'000	2018 \$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	231	223
Later than one year not longer than five years	299	531
Total operating lease commitments	530	754

The Board's operating lease relates to its office accommodation contracted with the Department of Planning, Transport and Infrastructure. The lease is non-cancellable and ends in September 2021.

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The only lease that the Board has entered into is an operating lease for the property it uses as its Head Office.

9.2. Contingent assets and liabilities

The Board is not aware of any contingent assets and liabilities.

9.3. Impact of standards and statements not yet effective

AASB 16 -Leases

The Board has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective.

Treasurer's Instructions (Accounting Policy Statements) 2019 issued by the Treasurer on 22 March 2019 are effective for 2018-19 reporting period and are addressed below in relation to Standards not yet effective and in note 8.1. There are no Accounting Policy Statements that are not yet effective.

The material impacts on the Board are outlined below.

The Board will adopt *AASB 16 – Leases* from 1 July 2019.

Objective

AASB 16 sets out a comprehensive model for lease accounting that addresses recognition, measurement, presentation and disclosure of leases. The outcome will be that lease information disclosed will give users of financial statements a basis to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. *AASB 16 Leases* replaces *AASB 117 Leases* and *Interpretation 4 Determining whether an Arrangement contains a Lease*, *Interpretation 115 Operating Leases – Incentives* and *Interpretation*, and *Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Impact on 2019-20 financial statements

The Board has assessed the estimated impact on the Statement of Financial Position of adopting AASB 16 with the transition requirements mandated by the Treasurer's Instructions (Accounting Policy Statements).

AASB 16 requires lessees to recognise assets and liabilities for all leases, not subject to a recognition exemption or scoped out of the application of AASB 16. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position for the first time. Lease incentive liabilities previously recognised will be written off against the right-of-use assets or retained earnings depending on the nature of the incentive.

AASB 16 is expected to have a material impact on the Statement of Financial Position. The Board has estimated the impact of this change and the results as at 1 July 2019.

The estimated impact is based on applying AASB 16's transition approach to those leases identified as leases by the Board prior to 1 July 2019. The incremental borrowing rates applied to estimate the lease liability was provided by the South Australian Financing Authority forecast interest rate for principal and interest loans to SA Government agencies.

The estimated amounts disclosed are current estimates only. The Department of Planning, Transport and Infrastructure is continuing to refine its calculations of the lease asset and liabilities for 2019-20 financial reporting purposes and expects these estimated amounts will change. This includes accounting for the non-lease components and clarifying lease terms.

The estimated impact is set out below.

	as at 1 July 2019 \$'000
Assets	
Right-of-use assets	1,355
Liabilities	
Lease liabilities	1,355
Net impact on equity	-

AASB 16 will also impact on the Statement of Comprehensive Income. The operating lease expense previously included in supplies and services will mostly be replaced with:

- a depreciation expense that represents the use of the right-of-use asset; and
- borrowing costs that represent the cost associated with financing the right-of-use asset.

The estimated impact on the 2019-20 Statement of Comprehensive Income is set out below.

	2020 \$'000
Depreciation and amortisation	258
Supplies and services	(278)
Borrowing costs	20
Net impact on net cost of providing services	-

Related accounting policies

The Treasurer's Instructions (Accounting Policy Statements) 2019 sets out key requirements that the Board must adopt for the transition from AASB 117 Leases to AASB 16 Leases. These requirements include that the Board will:

- apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard will be recognised at 1 July 2019. Comparatives will not be restated.
- only apply AASB 16 to contracts that were previously identified as containing a lease applying AASB 117 and related interpretations.
- not transition operating leases for which the lease term ends before 30 June 2020.

The Treasurer's Instructions (Accounting Policy Statements) 2019 also sets out requirements for on-going application. These requirements include that Board will:

- not apply AASB 16 to leases of intangible assets.
- adopt \$15,000 as the threshold to determine whether an underlying asset is a low value asset and must apply the low value asset recognition exemption to all low value assets.
- apply the short-term leases recognition exemption for all classes of underlying asset.
- separate non-lease components from lease components.
- adopt the revaluation model, where permitted.

- where required, apply the relevant lessee's incremental borrowing rate published by the Department of Treasury and Finance.
- on initial recognition not record at fair-value leases that have significantly below-market terms and conditions principally to enable the Board to further its objectives, unless they have already been recorded at fair-value prior to 1 July 2019.

9.4. Events after the reporting period

There were no events after balance date which will materially impact on the financial report.

10. Measure and Risk

10.1. Long service leave liability – measurement

AASB 119 *Employee Benefits* 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 and is based on actuarial assumptions on 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.

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 from the rate 2018 (2.5%) to 2019 (1.25%).

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

The unconditional portion of the long service leave provision is classified as current as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

10.2. Fair value

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Revaluation

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of

acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

Plant and equipment

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life that less than three years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

10.3. Financial risk management

Risk management is managed by the Board and 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 Board's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Liquidity risk

The fees paid by teachers fund the operation of the Board and there is no financial support from external sources, including SA or Commonwealth Governments, other than reimbursement of expenditure incurred. Financial sustainability is critical for the Board with prudent financial modelling over a three-year period, aligning with the registration cycle for teachers.

Refer to note 7.1 for further information