

# Department for Child Protection

Financial report  
for the year ended  
30 June 2017

**Department for Child Protection**  
**Statement of Comprehensive Income**  
*for the period 1 November 2016 to 30 June 2017*

	Note	2017 \$'000
<b>Expenses</b>		
Employee benefits expenses	5	112 328
Supplies and services	6	32 476
Contracted Out-of-Home care services	7	82 196
Grants and subsidies	8	82 802
Depreciation and amortisation expense	9	1 203
Other expenses	10	390
<b>Total expenses</b>		<b>311 395</b>
<b>Income</b>		
Commonwealth revenues	11	786
Revenues from fees and charges	12	1 262
Grants and contributions	13	582
Other revenues	14	3 401
<b>Total income</b>		<b>6 031</b>
<b>Net cost of providing services</b>		<b>305 364</b>
<b>Revenues from SA Government</b>		
Revenues from SA Government	15	326 592
<b>Net result</b>		<b>21 228</b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to net result</i>		
Changes in revaluation surplus	18	1 795
<b>Total comprehensive result</b>		<b>23 023</b>

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

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

**Department for Child Protection**  
**Statement of Financial Position**  
*as at 30 June 2017*

	Note	2017 \$'000
<b>Current assets</b>		
Cash and cash equivalents	16	31 592
Receivables	17	4 279
<b>Total current assets</b>		<b>35 871</b>
<b>Non-current assets</b>		
Receivables	17	123
Property, plant and equipment	18	38 949
Intangible assets	19	1 742
<b>Total non-current assets</b>		<b>40 814</b>
<b>Total assets</b>		<b>76 685</b>
<b>Current liabilities</b>		
Payables	21	19 127
Employee benefits	22	18 953
Provisions	23	4 198
Other liabilities		12
<b>Total current liabilities</b>		<b>42 290</b>
<b>Non-current liabilities</b>		
Payables	21	2 539
Employee benefits	22	27 436
Provisions	23	12 185
<b>Total non-current liabilities</b>		<b>42 160</b>
<b>Total liabilities</b>		<b>84 450</b>
<b>Net assets</b>		<b>(7 765)</b>
<b>Equity</b>		
Retained earnings	24	(9 560)
Revaluation surplus	24	1 795
<b>Total equity</b>		<b>(7 765)</b>
<b>Total equity is attributable to the SA Government as owner</b>		
Unrecognised contractual commitments	25	
Contingent assets and liabilities	26	

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

**Department for Child Protection**  
**Statement of Changes in Equity**  
*for the period 1 November 2016 to 30 June 2017*

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	Note	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 November 2016</b>		-	-	-
<b>Net result for 2016-17</b>		-	21 228	<b>21 228</b>
Gain on revaluation of land during 2016-17	18	1,795	-	1,795
<b>Total comprehensive result for 2016-17</b>		<b>1 795</b>	<b>21 228</b>	<b>23 023</b>
Transactions with SA Government as owner:				
Net liabilities received from an administrative restructure	27	-	(30 788)	(30 788)
<b>Balance at 30 June 2017</b>	24	<b>1 795</b>	<b>(9 560)</b>	<b>(7 765)</b>

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

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



**Department for Child Protection**  
**Statement of Cash Flows**  
*for the period 1 November 2016 to 30 June 2017*

		2017 \$'000
	Note	Inflows (Outflows)
<b>Cash flows from operating activities</b>		
<b>Cash outflows</b>		
Employee benefit payments		(112 017)
Payments for supplies and services		(41 018)
Payments for Contracted Out-of-Home care services		(90 899)
Payments of grants and subsidies		(88 415)
Other payments		(367)
<b>Cash used in operations</b>		<b>(332 716)</b>
<b>Cash inflows</b>		
Receipts from Commonwealth		786
Fees and charges		2 311
Grants and contributions received		624
GST recovered from the ATO		15 308
Other receipts		2 872
<b>Cash generated from operations</b>		<b>21 901</b>
<b>Cash flows from SA Government</b>		
Receipts from SA Government		326 592
<b>Cash generated from SA Government</b>		<b>326 592</b>
<b>Net cash provided by operating activities</b>	29	<b>15 777</b>
<b>Cash flows from investing activities</b>		
<b>Cash outflows</b>		
Purchase of property, plant and equipment		(224)
<b>Cash used in investing activities</b>		<b>(224)</b>
<b>Net cash used in investing activities</b>		<b>(224)</b>
<b>Cash flows from financing activities</b>		
<b>Cash outflows</b>		
Repayment of borrowings		(285)
<b>Cash used in financing activities</b>		<b>(285)</b>
<b>Cash inflows</b>		
Cash transferred as a result of restructure	27	16 324
<b>Cash generated from financing activities</b>		<b>16 324</b>
<b>Net cash provided by financing activities</b>		<b>16 039</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>31 592</b>
Cash and cash equivalents at the beginning of the period		-
<b>Cash and cash equivalents at the end of the period</b>	16	<b>31 592</b>

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

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

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**1 Objectives of the Department for Child Protection**

The department's primary objective is to care for and protect children and young people by working together with key stakeholders and the wider South Australian community to address abuse and neglect and to keep children and young people safe from further harm.

The department receives notifications about abuse and neglect of children, investigates serious concerns and takes statutory action to keep children safe. This work occurs within a wider child development system where the welfare, safety and protection of children is the responsibility of everyone across government, the non-government sector and the wider community.

**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 and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The department has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the department 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 judgement in the process of applying the department's accounting policies. The areas involving a higher degree of judgement 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 the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions or other events are reported; and
- 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, which have been included in this financial report:
  - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
  - b) expenses incurred as a result of engaging consultants;
  - c) employee targeted voluntary separation package information;
  - d) 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; and
  - e) 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 the period 1 November 2016 to 30 June 2017 and presented in Australian currency.



**Department for Child Protection**  
**Notes to and forming part of the financial statements**

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**(c) Reporting entity**

The department is a government department of the State of South Australia, established pursuant to the *Public Sector Act 2009*. The department is an administrative unit acting on behalf of the Crown.

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

The department does not control any other entity and has no interests in unconsolidated structured entities.

**(d) Transferred functions**

On 21 June 2016, the government announced that it would establish a separate department to undertake functions related to the care for and protection of children and young people. This was in response to an interim recommendation of the Child Protection Systems Royal Commission.

The Child Protection Systems Royal Commission conducted a comprehensive investigation into the laws, policies, practices and structures in place for children at risk of harm, including those who are under the guardianship of the minister. The findings of the Royal Commission were published in 'The life they deserve' report, in August 2016.

'A fresh start', is the government's response to 'The life they deserve' and addresses each of the Royal Commission's recommendations. It looks beyond the statutory child protection system to develop a broader child protection system.

The Department for Child Protection (DCP) commenced operations on 1 November 2016. The expenditure and income for DCP for the period 1 November 2016 to 30 June 2017 has been included in the financial statements that follow. The financial transactions for the former Families SA (FSA) for the period 1 July 2016 to 31 October 2016 are recognised in the financial statements of the Department for Education and Child Development (DECD). Refer to note 27 for full details of transferred functions.

FSA assets and liabilities were transferred to DCP effective 1 November 2016.

**(e) Comparative information**

There is no comparative information to disclose for the reporting period as DCP only commenced operations on 1 November 2016.

**(f) Rounding**

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

**(g) Taxation**

The department is not subject to income tax. The department is liable for payroll tax, fringe benefits tax, goods and services tax (GST) and emergency services levy.

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 (ATO), 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.

The net amount of GST recoverable from, or payable to, the ATO 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 ATO is classified as part of operating cash flows.

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

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**(h) Events after the reporting period**

Adjustments are made to amounts recognised in the financial statements where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed as at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

**(i) 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.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the department has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

**(j) 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 costs 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 minimal value, they are recorded at fair value in the Statement of Financial Position.

However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements then the assets are recognised at book value ie the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current tangible assets with a value equal to or in excess of \$5 000 are capitalised.

*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.

The value of leasehold improvements is amortised over the estimated useful life of each improvement or the unexpired period of the relevant lease, whichever is shorter.

Land is not depreciated.



**Department for Child Protection**  
**Notes to and forming part of the financial statements**

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**(j) Non-current assets (continued)**

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

<b>Class of asset</b>	<b>Useful life (years)</b>
Residential accommodation housing	30-50
Leasehold improvements	Life of lease
Computing, communications, furniture and equipment	3-20
Intangible assets	3-30

*Revaluation of non-current assets*

All non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

The department revalues residential accommodation housing at least every three years. However if at any time, management considers the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Land is revalued annually if the revaluation is considered to be material in nature.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation where they are revalued to fair value.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

*Impairment*

The department holds its property, plant and equipment and intangible assets for their service potential (value in use).

All non-current tangible assets are valued at fair value.

The department also expects for all other non-current tangible assets that any costs of disposal will be negligible and the recoverable amount will be close to or greater than fair value.

*Intangible assets*

An intangible asset is an identifiable non-monetary asset without physical substance. 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 useful lives of intangible assets are assessed to be either finite or indefinite. The department only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of computer 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.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

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*Fair value measurement*

AASB 13 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 principle or most advantageous market, at the measurement date.

The department classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent valuation:

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (input other than quoted prices included within level 1) that are observable for the asset either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the Chief Financial Officer at each reporting date.

In determining fair value, the department has taken into account the characteristic of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The department's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the department did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years is deemed to approximate fair value.

Refer to note 20 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

**(k) Liabilities**

*Leases*

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

The department has entered into 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.

No finance leases have been entered into.

*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 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 skills and experience retention leave 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 for sick leave.



**Department for Child Protection**  
**Notes to and forming part of the financial statements**

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*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 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 across 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.

**3 New or revised accounting standards and policies**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the department for the period ending 30 June 2017.

AASB 16 *Leases* will apply for the first time for the year to reporting periods beginning on or after 1 Jan 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 and 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 department 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 1058 *Income of Not-for-Profit Entities* will replace a number of income recognition requirements under AASB 1004 *Contributions* and applies to reporting periods beginning on or after 1 January 2019. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received then revenue is recognised.

The department has not yet quantified the impact of applying AASB 1058 *Income of Not-for-Profit Entities* and the resulting impact on the statement of comprehensive income.

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

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#### **4 Activity of the department**

In achieving its objective, the department provides a range of services classified into the following activity.

##### ***Care and protection***

The department is focussed on providing services to protect children and young people who are at risk of abuse and neglect within their families, or whose families do not have the capacity to protect them.

These services include:

- providing family support services (directly or through referral) to strengthen the capacity of families to care for children
- receiving and responding to reports of concern about children and young people, including investigation and assessment where appropriate
- ensuring the ongoing safety of children and young people by working with families to resolve protective concerns
- initiating interventions where necessary, including applying for care and protection orders through a court and, in some situations, placing children or young people in out-of-home care to ensure their safety
- working with families to reunite children, who were previously removed for safety reasons
- securing permanent out-of-home care when it is determined that a child is unable to be returned to the care of his or her parents, and working with young people to identify alternative supported living arrangements where family reunification is not possible.

The department continues to build a strong family support focus so that all government and non-government services are flexible and responsive to the needs of vulnerable families.

#### **5 Employee benefits expenses**

	<b>2017</b>
	<b>\$'000</b>
Salaries and wages (including annual leave)	93 254
Employment on-costs - superannuation *	8 794
Employment on-costs - payroll tax	5 233
Long service leave	2 603
Other employee related expenses	1 129
Workers compensation	1 004
Skills and experience retention leave	311
<b>Total employee benefits expenses</b>	<b>112 328</b>

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

##### ***Targeted voluntary separation packages (TVSPs)***

Nil employees were paid TVSPs during the reporting period.



**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**5 Employee benefits expenses (continued)**

<b>Remuneration of employees</b>	<b>2017</b>	<b>2017</b>
The number of employees whose remuneration received or receivable falls within the following bands:	<b>Number of Executives</b>	<b>Number of Employees <sup>1</sup></b>
\$147 001 to \$157 000	1	6
\$157 001 to \$167 000	-	3
\$167 001 to \$177 000	-	1
\$187 001 to \$197 000	1	1
\$197 001 to \$207 000	2	2
\$207 001 to \$217 000	-	1
\$247 001 to \$257 000	1	1
\$257 001 to \$267 000	1	1
\$267 001 to \$277 000	1	1
\$477 001 to \$487 000 <sup>2</sup>	1	1
\$577 001 to \$587 000 <sup>2</sup>	1	1
\$587 001 to \$597 000 <sup>2</sup>	1	1
<b>Total number of executives / employees</b>	<b>10</b>	<b>20</b>

<sup>1</sup> The numbers of executives separately disclosed are also included in the number of employees total for 2017.

<sup>2</sup> These bands include 3 executives that were paid termination payments during 2016-17.

The table includes all employees who received remuneration equal to or greater than the base remuneration level between 1 July 2016 and 30 June 2017.

Remuneration of these employees reflect all costs of employment to the department and other relevant agencies (ie the former Families SA), including salary and wages, payments in lieu of leave, employer's superannuation contributions, salary sacrifice benefits, fringe benefits and any fringe benefits tax paid or payable in respect of these benefits.

The total remuneration received by these employees for the year was \$4.8 million.

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**6 Supplies and services**

	<b>2017</b>
	<b>\$'000</b>
Rentals and leases	7 519
Minor works, maintenance and equipment	4 317
Contractors	4 019
Vehicle and travelling expenses	3 819
Computer expenses	2 886
Residential and client related costs	2 254
Shared Services SA charges	1 585
Telecommunications	1 097
Other supplies and services	780
Training and development	705
Utilities	604
Printing, postage and consumables	586
Consultants fees	556
Advertising expenses	474
Insurance (including self-insurance)	421
Cleaning	410
Legal costs	198
Criminal history screening charges	131
Security	115
<b>Total supplies and services</b>	<b>32 476</b>

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.

**Consultancy fees**

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	<b>No.</b>	<b>2017</b>
		<b>\$'000</b>
Above \$10 000	5	556
<b>Total paid/payable to consultants engaged</b>	<b>5</b>	<b>556</b>

**7 Contracted Out-of-Home care services**

	<b>2017</b>
	<b>\$'000</b>
Contracted Out-of-Home care services	82 196
<b>Total Contracted Out-of-Home care services</b>	<b>82 196</b>

Contracted Out-of-Home care services incorporate payments made on invoices received for this service.

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**8 Grants and subsidies**

	<b>2017</b>
	<b>\$'000</b>
Grants and subsidies	82 802
<b>Total grants and subsidies</b>	<b>82 802</b>

Grants and subsidies incorporates residential base care, home based care, family group homes and other supported placement services.

**9 Depreciation and amortisation expense**

	<b>2017</b>
	<b>\$'000</b>
<b>Depreciation and amortisation</b>	
Residential accommodation housing	535
Computer software	503
Leasehold improvements	126
Computing, communications, furniture and equipment	39
<b>Total depreciation and amortisation expense</b>	<b>1 203</b>

**10 Other expenses**

	<b>2017</b>
	<b>\$'000</b>
Auditor's remuneration	
– Auditor-General's Department *	172
Other expenses	149
Other insurance	57
Allowance for doubtful debts and debt write-offs	10
Emergency Services Levy	2
<b>Total other expenses</b>	<b>390</b>

\* Audit fees paid / payable to the Auditor-General's Department relate to work performed under the Public Finance and Audit Act 1987. No other services were provided by the Auditor-General's Department.

**11 Commonwealth revenues**

	<b>2017</b>
	<b>\$'000</b>
Family allowances	365
Unaccompanied Humanitarian Minors	303
Transition to Independent Living Allowance	118
<b>Total Commonwealth revenues</b>	<b>786</b>

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**12 Revenues from fees and charges**

	<b>2017</b>
	<b>\$'000</b>
Fees and charges	1 041
Salary recharges	159
Other	62
<b>Total revenues from fees and charges</b>	<b>1 262</b>

**13 Grants and contributions**

	<b>2017</b>
	<b>\$'000</b>
Adolescent Community Brokerage	421
Aboriginal Youth Early Intervention	159
Other	2
<b>Total grants and contributions</b>	<b>582</b>

**14 Other revenues**

	<b>2017</b>
	<b>\$'000</b>
Recoveries	2 889
Assets recognised for the first time	484
Other revenue	28
<b>Total other revenues</b>	<b>3 401</b>

**15 Revenues from SA Government**

	<b>2017</b>
	<b>\$'000</b>
<b>Revenues from SA Government</b>	
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	205 646
Appropriations from the Governor's Appropriation Fund	120 946
<b>Total revenues from SA Government</b>	<b>326 592</b>

Appropriation for program funding is recognised as revenue when the department obtains control over the funding. Control over appropriation is normally obtained upon receipt.

The original amount appropriated to the department under the annual Appropriation Act was not varied, however an additional advance of \$121 million was received from the Treasurer via the Governor's Appropriation Fund.

Total payments of \$285 000 were paid to DTF for the repayment of borrowings during 2016-17.

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**16 Cash and cash equivalents**

	<b>2017</b>
	<b>\$'000</b>
Deposits with the Treasurer	31 368
Imprest account/cash on hand	224
<b>Total cash and cash equivalents</b>	<b>31 592</b>

Cash is measured at nominal amounts.

***Deposits with the Treasurer***

The department has two deposit accounts with the Treasurer, a general operating account and an Accrual Appropriation Excess Funds Account (AAEFA). Although the department controls the money in AAEFA its use must be approved by the Treasurer. The balance in this account at 30 June 2017 is \$12.5 million. The department does not earn interest on deposits with the Treasurer.

**Non-cash financing and investing activities**

***Assumption of liabilities***

During the reporting period the department assumed the net liabilities of FSA amounting to \$30.8 million. The assumption of net liabilities is not reflected in the Statement of Cash Flows. Refer Note 27.

**17 Receivables**

	<b>2017</b>
	<b>\$'000</b>
<b>Current</b>	
GST recoverable from the ATO	2 958
Receivables	923
Less allowance for doubtful debts	(10)
Prepayments	281
Accrued revenues	76
Workers compensation recoveries	51
<b>Total current receivables</b>	<b>4 279</b>
<b>Non-current</b>	
Workers compensation recoveries	123
<b>Total non-current receivables</b>	<b>123</b>
<b>Total receivables</b>	<b>4 402</b>

***Movement in the allowance for doubtful debts***

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

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

<b>Movement in the allowance for doubtful debts</b>	<b>2017</b>
	<b>\$'000</b>
Carrying amount at 1 November	-
Increase in the allowance	(10)
<b>Carrying amount at 30 June</b>	<b>(10)</b>



**Department for Child Protection**  
**Notes to and forming part of the financial statements**

***Interest rate and credit risk***

Receivables rise 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 department will not be able to collect the debt. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 30 for further information on risk management.

**18 Property, plant and equipment**

	<b>2017</b>
	<b>\$'000</b>
<b>Land</b>	
Land	17 137
<b>Total land</b>	<b>17 137</b>
<b>Residential accommodation housing</b>	
Residential accommodation housing	36 787
Accumulated depreciation	(16 387)
<b>Total Residential accommodation housing</b>	<b>20 400</b>
<b>Construction work in progress</b>	
Construction work in progress	176
<b>Total construction work in progress</b>	<b>176</b>
<b>Leasehold improvements</b>	
Leasehold improvements	11 309
Accumulated amortisation	(10 253)
<b>Total leasehold improvements</b>	<b>1 056</b>
<b>Computing, communications, furniture and equipment</b>	
Computing, communications, furniture and equipment	860
Accumulated depreciation	(680)
<b>Total computing, communications, furniture and equipment</b>	<b>180</b>
<b>Total property, plant and equipment</b>	<b>38 949</b>

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

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**18 Property, plant and equipment (continued)**

***Valuation of non-current assets***

The independent valuation of land was performed by the Valuer-General as at 30 June 2017.

The independent valuation of residential accommodation housing was performed as at 30 June 2015 by Fred Taormina, B.App.Sc. (Val), A.A.P.I. Certified Practicing Valuer of Valcorp Australia Pty Ltd. The valuation was performed by reference to market selling price utilising comparable sales evidence.

All leasehold improvements, computing, communications, furniture and equipment had a fair value at time of acquisition that was less than \$1 million and have not been revalued in accordance with APF III. The carrying values of these assets are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustment to their fair value, except for management assumptions about condition and remaining useful life.

***Impairment***

There were no indications of impairment of property, plant and equipment at 30 June 2017.

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**18 Property, plant and equipment (continued)**

The following table shows the movement of property, plant and equipment during 2016-17.

<b>2016-17</b>	<b>Land</b>	<b>Residential accommodation housing</b>	<b>Construction work in progress</b>	<b>Leasehold improvements</b>	<b>Computing, communications, furniture and equipment</b>	<b>Tangible assets total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at 1 November 2016</b>	-	-	-	-	-	-
Acquisition through administrative restructure	15 342	20 935	-	698	171	37 146
Additions	-	-	176	-	48	224
Revaluation increment/(decrement)	1 795	-	-	-	-	1 795
Depreciation and amortisation	-	(535)	-	(126)	(39)	(700)
Assets recognised for the first time	-	-	-	484	-	484
<b>Carrying amount at the end of the period</b>	<b>17 137</b>	<b>20 400</b>	<b>176</b>	<b>1 056</b>	<b>180</b>	<b>38 949</b>



**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**19 Intangible assets**

	<b>2017</b>
	<b>\$'000</b>
<b>Computer software</b>	
Computer software	8 314
Accumulated amortisation	(6 572)
<b>Total computer software</b>	<b>1 742</b>
<b>Total intangible assets</b>	<b>1 742</b>

The computer software relates to the department's Connected Client and Case Management System (C3MS) for case management of children.

**Impairment**

There were no indications of impairment on intangible assets as at 30 June 2017.

The following tables show the movement of intangible assets:

<b>2016-17</b>	<b>Computer software</b>
	<b>\$'000</b>
<b>Carrying amount at the beginning of the period</b>	<b>-</b>
Acquisition through administrative restructure	2 245
Amortisation	(503)
<b>Carrying amount at the end of the period</b>	<b>1 742</b>

**20 Fair value measurement**

**Fair value hierarchy**

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement as follows:

**Fair value measurements at 30 June 2017**

	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Recurring fair value measurements</b>			
Land	17 137	-	<b>17 137</b>
Residential accommodation housing	20 400	-	<b>20 400</b>
Leasehold improvements	-	1 056	<b>1 056</b>
Computing, communications, furniture and equipment	-	180	<b>180</b>
<b>Total recurring fair value measurements</b>	<b>37 537</b>	<b>1 236</b>	<b>38 773</b>
<b>Total fair value measurements</b>	<b>37 537</b>	<b>1 236</b>	<b>38 773</b>

The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques and inputs used to derive level 2 and 3 fair values are at note 18.

During 2017 the department had no valuations categorised into level 1, there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**Reconciliation of Level 3 recurring fair value measurements as at 30 June 2017**

<b>2016-17</b>	<b>Leasehold improvements</b>	<b>Computing, communications, furniture and equipment</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Opening balance at the beginning of the period</b>	-	-
Acquisition through administrative restructure	698	171
Assets recognised for the first time	484	-
Additions	-	48
<b>Losses for the period recognised in net result</b>		
Depreciation and amortisation	(126)	(39)
<b>Carrying amount at the end of the period</b>	<b>1 056</b>	<b>180</b>

**21 Payables**

	<b>2017</b>
	<b>\$'000</b>
<b>Current</b>	
Accrued expenses	15 252
Employment on-costs	3 635
Creditors	189
Paid Parental Leave Scheme payable	51
<b>Total current payables</b>	<b>19 127</b>
<b>Non-current</b>	
Employment on-costs	2 539
<b>Total non-current payables</b>	<b>2 539</b>
<b>Total payables</b>	<b>21 666</b>

Creditors include all unpaid invoices received relating to the normal operations of the department.

Employment on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

The department 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 and external schemes.

As a result of an actuarial assessment performed by DTF, the percentage of long service leave taken as leave in 2016-17 is 40% and the average factor for the calculation of employer superannuation for 2016-17 is 10.1%. These rates are used in the employment on-cost calculation.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period.

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**21 Payables (continued)**

Paid Parental Leave Scheme payable represents amounts which the department has received from the Commonwealth Government to forward onto eligible employees via the department's standard payroll processes. That is, the department is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance office.

***Interest rate and credit risk***

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 first received. Employment on-costs are settled when the respective employee benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

For further information on risk management refer to note 30.

**22 Employee benefits**

	<b>2017</b>
	<b>\$'000</b>
<b>Current</b>	
Annual leave	13 699
Long service leave	1 993
Accrued salaries and wages	2 542
Skills and experience retention leave	719
<b>Total current employee benefits</b>	<b>18 953</b>
<b>Non-current</b>	
Long service leave	27 436
<b>Total non-current employee benefits</b>	<b>27 436</b>
<b>Total employee benefits</b>	<b>46 389</b>

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by DTF has provided the 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 was 2.5% in 2017

The actuarial assessment performed by DTF resulted in a salary inflation rate of 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability.



**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**23 Provisions**

	<b>2017</b>
	<b>\$'000</b>
<b>Current</b>	
Provision for workers compensation	4 138
Provision for legal claims	60
<b>Total current provisions</b>	<b>4 198</b>
<b>Non-current</b>	
Provision for workers compensation	12 105
Provision for legal claims	80
<b>Total non-current provisions</b>	<b>12 185</b>
<b>Total provisions</b>	<b>16 383</b>

***Movements in provisions***

	<b>Note</b>	<b>2017</b>
		<b>\$'000</b>
<b>Provision for workers compensation</b>		
Carrying amount at 1 November		-
Transfer in due to restructure	27	18 251
Reductions arising from payments		(2 986)
Additional provision recognised		978
<b>Carrying amount at 30 June</b>		<b>16 243</b>

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2017 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The department is responsible for the payment of workers compensation claims.

***Movements in provisions***

	<b>Note</b>	<b>2017</b>
		<b>\$'000</b>
<b>Provision for legal claims</b>		
Carrying amount at 1 November		-
Transfer in due to restructure	27	95
Reductions arising from payments		(10)
Additional provision recognised		55
<b>Carrying amount at 30 June</b>		<b>140</b>

A liability has been reported to reflect unsettled legal claims. The legal claims provision includes various claims relating to Professional indemnity, Public Liability and Property Damage.

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**24 Equity**

	<b>2017</b>
	<b>\$'000</b>
Retained earnings	(9 560)
Revaluation surplus	1 795
<b>Total equity</b>	<b>(7 765)</b>

The revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent they offset one another within each asset class. Relevant amounts are transferred to retained earnings when an asset is disposed.

**25 Unrecognised Contractual Commitments**

**(a) Capital commitments**

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements are payable as follows:

	<b>2017</b>
	<b>\$'000</b>
Within one year	185
<b>Total capital commitments</b>	<b>185</b>

The department's capital commitments are for commitments under the investing program.

**(b) Expenditure commitments**

Commitments in relation to expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements are payable as follows:

	<b>2017</b>
	<b>\$'000</b>
Within one year	92 985
Later than one year but not later than five years	65 153
<b>Total expenditure commitments</b>	<b>158 138</b>

The department's expenditure commitments are for outsourcing services agreements for out of home care and family support services.

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

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**(c) Operating lease commitments**

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

	<b>2017</b>
	<b>\$'000</b>
Within one year	10 434
Later than one year but not later than five years	21 344
Later than five years	4 883
<b>Total operating lease commitments</b>	<b>36 661</b>

The department has entered into a number of operating leases for the provision of office accommodation and facilities used for the provision of services. Office accommodation is leased from DPTI. The property leases include both cancellable and non-cancellable leases and are for varied terms. Contingent rentals are based upon changes in market rental rates, the CPI or a specified rate of increase in the rental payments. Options exist to renew the leases at the end of the lease term. Some leases have no option to renew.

The department has non-cancellable operating lease commitments for the provision of vehicles to senior executive officers or sections (ie pool vehicles) with the South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia Ltd. There are no purchase options available to the department.

**26 Contingent assets and liabilities**

The department is not aware of any contingent assets or liabilities.

**27 Transferred functions**

Transferred In

On 21 June 2016, the government announced that it would establish a separate department to undertake functions related to the care for and protection of children and young people. This was in response to an interim recommendation of the Child Protection Systems Royal Commission.

On 27 October 2016 the Governor established DCP and designated the Minister for Education and Child Development as the Minister responsible for the new Agency. The Department for Child Protection (DCP) commenced operations on 1 November 2016.

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**27 Transferred functions (continued)**

The total income and expenses attributable to DCP functions for 2016-17 were:

	DECD 01.07.16 to 31.10.16 \$'000	DCP 01.11.16 to 30.06.17 \$'000	Total \$'000
Employee benefits expenses	52 955	112 328	165 283
Supplies and services	16 136	32 476	48 612
Contracted Out-of-Home care services	44 450	82 196	126 646
Grants and subsidies	69 797	82 802	152 599
Depreciation and amortisation expense	599	1 203	1 802
Other expenses	17	390	407
<b>Total expenses</b>	<b>183 954</b>	<b>311 395</b>	<b>495 349</b>
Appropriation	175 614	326 592	502 206
Commonwealth revenues	164	786	950
Revenue from fees and charges	51	1 262	1 313
Grants and contributions	639	582	1 221
Other revenues	816	3 401	4 217
<b>Total income</b>	<b>177 284</b>	<b>332 623</b>	<b>509 907</b>
<b>Net result</b>	<b>(6 670)</b>	<b>21 228</b>	<b>14 558</b>

On creation of DCP, the following assets and liabilities of the transferred functions were recognised:

	Note	\$'000
Cash		16 324
Receivables		5 577
Property plant and equipment	18	37 146
Intangible assets	19	2 245
<b>Total assets</b>		<b>61 292</b>
Payables		29 506
Borrowings		285
Employee benefits		43 940
Provisions	23	18 346
Other liabilities		3
<b>Total liabilities</b>		<b>92 080</b>
<b>Total net liabilities transferred</b>		<b>(30 788)</b>

Net liabilities assumed by the department as a result of the administrative restructure are the carrying amount of those assets and liabilities in the transferor's Statement of Financial Position immediately prior to transfer. The net liabilities transferred were treated as a contribution by the Government as owner.



**Department for Child Protection**  
**Notes to and forming part of the financial statements**

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**28 Related party transactions**

The department is a government administrative unit and is wholly owned and controlled by the Crown.

Related parties of the department 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 of the Government.

***Significant transactions with government related entities***

Other than the administrative restructure disclosed in note 27, there were no significant transactions with government related entities. All transactions have been adequately disclosed elsewhere in the financial statements.

***Collectively, but not individually, significant transactions with government related entities.***

Quantitative information about transactions and balances between the department and other SA Government controlled entities are disclosed at note 33.

***Key Management Personnel***

Key management personnel of the department include the Minister, the Chief Executive and the other members of the Senior Executive Team who have responsibility for the strategic direction and management of the department.

The compensation detailed below excludes salaries and other benefits the Minister for Education and Child Development receives. 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.

	<b>2017</b>
	<b>\$'000</b>
Salaries and other short term employee benefits	2 069
Post-employment benefits (employer contributed superannuation)	192
Other long-term employment benefits	229
Termination benefits	787
<b>Total compensation</b>	<b>3 277</b>

***Transactions with Key Management Personnel and other related parties***

There are no transactions to disclose for key management personnel and related parties.



**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**29 Cash flow reconciliation**

**2017**  
**\$'000**

**Reconciliation of cash and cash equivalents at the end of the reporting period:**

Cash and cash equivalents disclosed in the Statement of Financial Position	31 592
<b>Balance as per Statement of Cash Flows</b>	<b>31 592</b>

***Reconciliation of net cash provided by/(used in) operating activities to net cost of providing services***

Net cash provided by operating activities	15 777
Revenues from SA Government	(326 592)
<b>Non-cash items</b>	
Assets recognised for the first time	484
Depreciation and amortisation expense	(1 203)
Administrative restructure	86 218
<b>Movements in assets and liabilities</b>	
Increase/(decrease) in receivables	4 402
(Increase)/decrease in employee benefits	(46 389)
(Increase)/decrease in payables	(21 666)
(Increase)/decrease in provisions	(16 383)
(Increase)/decrease in other liabilities	(12)
<b>Net cost of providing services</b>	<b>(305 364)</b>

**30 Financial risk management/Financial instruments**

**30.1 Financial risk management**

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

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**Credit risk and market risk**

The department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

The department does not trade foreign currency, enter into transactions for speculative purposes, nor for hedging. The department does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the Government's risk management strategy articulated in TI 23 *Management of Foreign Currency Exposures*.

No collateral is held as security and no credit enhancements relate to financial assets held by the department.

Refer notes 16 and 17 for further information.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 17 for information on the allowance for impairment in relation to receivables.

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			Impaired financial assets \$'000
			Overdue for less than 30 days \$'000	Overdue for 30 - 60 days \$'000	Overdue for more than 60 days \$'000	
<b>2017</b>						
Receivables (1)	989	389	537	7	66	(10)
<b>Total financial assets</b>	<b>989</b>	<b>389</b>	<b>537</b>	<b>7</b>	<b>66</b>	<b>(10)</b>

(1) Receivable amounts disclosed here exclude amounts relating to statutory receivables. They are carried at cost.

**30.2 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, financial liability and equity instrument are disclosed in note 2 or the respective financial asset/financial liability note.

The department does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, 17 and 21).

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**30.2 Categorisation of financial instruments (continued)**

The following table discloses the carrying amounts of each of the following categories of financial assets and liabilities: Cash and cash equivalents; receivables; and financial liabilities measured at cost.

Category of financial asset and financial liability	Notes	2017 Carrying amount/fair value \$'000	2017 Contractual Maturities
			Within 1 year \$'000
<b>Financial assets</b>			
Cash and cash equivalent			
- Cash and cash equivalent	16	31 592	31 592
Loans and receivables			
- Receivables <sup>(1)(2)</sup>	17	989	989
<b>Total financial assets</b>		<b>32 581</b>	<b>32 581</b>
<b>Financial liabilities</b>			
Financial liabilities held at cost			
- Payables <sup>(1)</sup>	21	15 269	15 269
- Other liabilities		12	12
<b>Total financial liabilities</b>		<b>15 281</b>	<b>15 281</b>

<sup>(1)</sup> Receivables and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. 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 etc 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).

<sup>(2)</sup> Receivables amounts disclosed here exclude prepayments. Prepayments are presented in note 17 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.

**31 Budgetary reporting and explanations of major variances between budget and actual amounts**

As the department was established on 1 November 2016, budget information has not been presented to Parliament.

**32 Events after the end of the reporting period**

There are no known events after balance date that affect these general purpose financial statements in a material manner.



**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**33 Transactions with SA Government**

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

		SA Government	Non-SA Government	Total
	Note	2017 \$'000	2017 \$'000	2017 \$'000
<b>Expenses</b>				
<b>Employee benefits expenses</b>	<b>5</b>			
Salaries and wages (including annual leave)		-	93 254	<b>93 254</b>
Employment on-costs - superannuation		-	8 794	<b>8 794</b>
Employment on-costs - payroll tax		5 233	-	<b>5 233</b>
Long service leave		-	2 603	<b>2 603</b>
Other employee related expenses		-	1 129	<b>1 129</b>
Workers Compensation		27	977	<b>1 004</b>
Skills and experience retention leave		-	311	<b>311</b>
<b>Supplies and services</b>	<b>6</b>			
Rentals and leases		7 426	93	<b>7 519</b>
Minor works maintenance and equipment		2 644	1 673	<b>4 317</b>
Contractors		193	3 826	<b>4 019</b>
Vehicle and travelling expenses		2 365	1 454	<b>3 819</b>
Computer expenses		202	2 684	<b>2 886</b>
Residential and client related costs		25	2 229	<b>2 254</b>
Shared Services SA charges		1 585	-	<b>1 585</b>
Telecommunications		343	754	<b>1 097</b>
Other supplies and services		135	645	<b>780</b>
Training and development		43	662	<b>705</b>
Utilities		92	512	<b>604</b>
Printing postage and consumables		2	584	<b>586</b>
Consultants fees		-	556	<b>556</b>
Advertising expenses		-	474	<b>474</b>
Insurance (including self insurance)		421	-	<b>421</b>
Cleaning		5	405	<b>410</b>
Legal costs		61	137	<b>198</b>
Criminal history screening charges		-	131	<b>131</b>
Security		45	70	<b>115</b>
<b>Contracted Out-of-Home care services</b>	<b>7</b>			
Contracted Out-of-Home care services		-	82 196	<b>82 196</b>
<b>Grants and subsidies</b>	<b>8</b>			
Grants and subsidies		898	81 904	<b>82 802</b>

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**33 Transactions with SA Government (continued)**

		SA Government	Non-SA Government	Total
	Note	2017 \$'000	2017 \$'000	2017 \$'000
<b>Depreciation and amortisation expense</b>	<b>9</b>			
Residential accommodation housing		-	535	535
Computer software		-	503	503
Leasehold improvements		-	126	126
Computing, communications, furniture and equipment		-	39	39
<b>Other expenses</b>	<b>10</b>			
Auditor's remuneration – Auditor General's Department		172	-	172
Other expenses		149	-	149
Other insurance		2	55	57
Allowance for doubtful debts and debt write offs		-	10	10
Emergency Services Levy		2	-	2
<b>Total expenses</b>		<b>22 070</b>	<b>289 325</b>	<b>311 395</b>
<b>Income</b>				
<b>Commonwealth revenues</b>	<b>11</b>	-	786	786
<b>Revenues from fees and charges</b>	<b>12</b>			
Fees and charges		41	1 000	1 041
Salary recharges		-	159	159
Other fees and charges		-	62	62
<b>Grants and contributions</b>	<b>13</b>			
Adolescent Community Brokerage		421	-	421
Aboriginal Youth Early Intervention		159	-	159
Other		-	2	2
<b>Other revenues</b>	<b>14</b>			
Recoveries		-	2 889	2 889
Assets recognised for the first time		-	484	484
Other revenue		-	28	28
<b>Revenues from SA Government</b>	<b>15</b>			
Revenues from SA Government		326 592	-	326 592
<b>Total income</b>		<b>327 213</b>	<b>5 410</b>	<b>332 623</b>
<b>Net result</b>		<b>305 143</b>	<b>(283 915)</b>	<b>21 228</b>

**Department for Child Protection**  
**Notes to and forming part of the financial statements**

**33 Transactions with SA Government (continued)**

		SA Government	Non-SA Government	Total
	Note	2017 \$'000	2017 \$'000	2017 \$'000
<b>Financial assets</b>				
<b>Cash and cash equivalents</b>	<b>16</b>			
Deposits with the Treasurer		31 368	-	<b>31 368</b>
Imprest account / cash on hand		-	224	<b>224</b>
<b>Receivables</b>	<b>17</b>			
GST recoverable from the ATO		-	2 958	<b>2 958</b>
Receivables		285	638	<b>923</b>
Less allowance for doubtful debts		-	(10)	<b>(10)</b>
Prepayments		-	281	<b>281</b>
Accrued revenues		76	-	<b>76</b>
Workers compensation recoveries		-	174	<b>174</b>
<b>Total financial assets</b>		<b>31 729</b>	<b>4 265</b>	<b>35 994</b>
<b>Financial liabilities</b>				
<b>Payables</b>	<b>21</b>			
Accrued expenses		1 159	14 093	<b>15 252</b>
Employment on-costs		3 241	2 933	<b>6 174</b>
Creditors		-	189	<b>189</b>
Paid Parental Leave Scheme payable		-	51	<b>51</b>
<b>Other liabilities</b>				
Other liabilities		-	12	<b>12</b>
<b>Total financial liabilities</b>		<b>4 400</b>	<b>17 278</b>	<b>21 678</b>

## Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Department for Child Protection:

- 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 department; and
- present a true and fair view of the financial position of the department as at 30 June 2017 and the results of its operation and cash flows for the financial year.

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



Catherine Taylor  
CHIEF EXECUTIVE

14/9/2017



Jennifer Browne  
CHIEF FINANCIAL OFFICER

19/9/2017



# INDEPENDENT AUDITOR'S REPORT



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Auditor-General's Department

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## To the Chief Executive Department for Child Protection

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* I have audited the financial report of the Department for Child Protection for the financial year ended 30 June 2017.

## Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department for Child Protection as at 30 June 2017, its financial performance and its cash flows for the period 1 November 2016 to 30 June 2017 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 period 1 November 2016 to 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the period 1 November 2016 to 30 June 2017
- a Statement of Cash Flows for the period 1 November 2016 to 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Chief Financial Officer.

## 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 Department for Child Protection. 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 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.

### **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 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.

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

Andrew Richardson

**Auditor-General**

20 September 2017