



INDEPENDENT AUDITOR'S REPORT

Albury Wodonga Health Special Purpose Service Entity

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Albury Wodonga Health Special Purpose Service Entity (the Entity), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Entity as at 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

Secretary's Responsibility for the Financial Statements

The Secretary is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Secretary determines is necessary to enable the preparation of the financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Secretary, as well as evaluating the overall presentation of the financial statements.

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

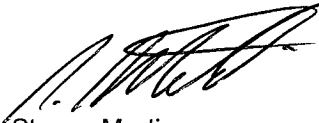
My opinion does *not* provide assurance:

- about the future viability of the Entity
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Steven Martin
Assistant Auditor-General

30 September 2014
SYDNEY

**Albury Wodonga Health NSW Employment Division Special Purpose Service Entity
Certification of the Financial Statements
for the year ended 30 June 2014**

I state, pursuant to section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the Albury Wodonga Health NSW Employment Division Special Purpose Service Entity for the year ended 30 June 2014 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Albury Wodonga Health NSW Employment Division Special Purpose Service Entity; and
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Dr. Mary Foley
Secretary, NSW Health
26 September 2014



John Roach
Chief Financial Officer
26/9/14

Albury Wodonga Health NSW Employment Division Special Purpose Service Entity
Statement of Comprehensive Income for the year ended 30 June 2014

	Notes	Actual	Actual Restated*
		2014 \$000	2013 \$000
Expenses excluding losses			
Operating Expenses			
Employee Related	3	680	605
Total Expenses excluding losses		680	605
Revenue			
Acceptance by the Crown Entity of Employee Benefits	2(a)(ii)	644	619
Total Revenue		644	619
 Net Result		 (36)	 14
 TOTAL COMPREHENSIVE INCOME		 (36)	 14

*Refer note 6 for prior period adjustment

The accompanying notes form part of these financial statements.

Albury Wodonga Health NSW Employment Division Special Purpose Service Entity
Statement of Financial Position as at 30 June 2014

	Notes	Actual 2014 \$000	Actual Restated* 2013 \$000	Actual Restated* 2012 \$000
ASSETS				
Current Assets		-----	-----	-----
Non-Current Assets		-----	-----	-----
Total Assets		-----	-----	-----
LIABILITIES				
Provisions	4	555	521	534
Total Current Liabilities		555	521	534
Non-Current Liabilities				
Provisions	4	29	27	28
Total Non-Current Liabilities		29	27	28
Total Liabilities		584	548	562
Net Assets		(584)	(548)	(562)
EQUITY				
Accumulated Funds		(584)	(548)	(562)
Total Equity		(584)	(548)	(562)

*Refer note 6 for prior period adjustment

The accompanying notes form part of these financial statements.

Albury Wodonga Health NSW Employment Division Special Purpose Service Entity
Statement of Changes in Equity for the year ended 30 June 2014

	Accumulated Funds	Total
Notes	\$000	\$000
Balance at 1 July 2013	----	----
Correction of prior period error (refer note 6)	(548)	(548)
Total Equity at 1 July 2013	<u>(548)</u>	<u>(548)</u>
Net Result for the year	(36)	(36)
Total Comprehensive Income for the year	<u>(36)</u>	<u>(36)</u>
Transactions With Owners In Their Capacity As Owners		
Increase/(Decrease) in Net Assets From Equity Transfers	----	----
Balance at 30 June 2014	<u>(584)</u>	<u>(584)</u>
Balance at 1 July 2012	----	----
Correction of prior period error (refer note 6)	(562)	(562)
Total Equity at 1 July 2012	<u>(562)</u>	<u>(562)</u>
Net Result for the year	14	14
Total Comprehensive Income for the year	<u>14</u>	<u>14</u>
Transactions With Owners In Their Capacity As Owners		
Increase/(Decrease) in Net Assets From Equity Transfers	----	----
Balance at 30 June 2013	<u>(548)</u>	<u>(548)</u>

The accompanying notes form part of these financial statements.

Albury Wodonga Health NSW Employment Division Special Purpose Service Entity
Statement of Cash Flows for the year ended 30 June 2014

	Actual	Actual
Notes	2014	2013
	\$000	\$000
Net Cash Flows from Operating Activities	-----	-----
Net Cash Flows from Investing Activities	-----	-----
Net Cash Flows from Financing Activities	-----	-----
NET INCREASE / (DECREASE) IN CASH	-----	-----
Opening Cash and Cash Equivalents	-----	-----
CLOSING CASH AND CASH EQUIVALENTS	-----	-----

The accompanying notes form part of these financial statements.

Albury Wodonga Health NSW Employment Division Special Purpose Service Entity
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

1. The Reporting Entity

The Albury Wodonga Health NSW Employment Division Special Purpose Service Entity (the Division) is a Division of the Government Service, established pursuant to section 116(4) of the Health Services Act 1997.

The creation of the Division enabled the staff primarily employed in connection with the Albury Base Hospital to be transferred from the former Greater Southern Area Health Service (GSAHS) to the new Division. The employees of Albury Base Hospital have been seconded to Albury Wodonga Health. Albury Wodonga Health is a Victorian Government entity appointed to run the Albury Base Hospital as part of the inter governmental agreement. This has resulted in this Division carrying only the long service leave of the NSW staff seconded to Albury Wodonga Health.

The reporting entity is a NSW Government entity which is consolidated as part of the NSW Ministry of Health and NSW Total State Sector Accounts. The Division is a not-for-profit entity (as profit is not its principal objective).

These financial statements for the year ended 30 June 2014 have been authorised for issue by the Secretary on 26 September 2014.

2. Summary of Significant Accounting Policies

Basis of Preparation

The Division's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2010, and the Treasurers' Directions.

The financial statements of the Division have been prepared on a going concern basis.

The basis of going concern is appropriate for the division based on the future present value of consequential costs covered by the "Inter Governmental Agreement 2009-2017 in relation to the integration of health services in Wodonga and Albury" between the State of New South Wales and the State of Victoria.

The Secretary of NSW Ministry of Health and the Secretary of Victorian Department of Health through the inter governmental agreement have agreed to service and funding levels for the forward financial year. If long service leave provisions increase in future years, these on-costs would be borne by future grants payments made by NSW Health to Victoria Health as part of the inter governmental arrangement.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

Judgments, key assumptions and estimations made by management are disclosed in the relevant notes to the financial statements.

Albury Wodonga Health NSW Employment Division Special Purpose Service Entity
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. The comparative period was adjusted as a result of a prior period adjustment per AASB108 Accounting Policies, Changes in Accounting Estimates and Errors, refer note 6.

Statement of Compliance

The financial statements comply with Australian Accounting Standards which include Australian Accounting Interpretations.

Significant accounting policies used in the preparation of these financial statements are as follows:

a) Employee Benefits

i) Long Service Leave

The Division's liability for Long Service Leave is assumed by the Crown Entity. The Division accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the Division as shown in Note 4.

Long Service Leave is measured at present value in accordance with AASB 119, Employee Benefits. This is based on the application of certain factors (specified in NSW Treasury Circular 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

b) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

Albury Wodonga Health NSW Employment Division Special Purpose Service Entity
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

c) Changes in Accounting Policy, Including New or Revised Australian Accounting Standards

(i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2013-14 and have been applied for the first time as follows:

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 January 2013 and cover the recognition and measurement of short term and long term employee benefits. Refer Note 3.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

AASB 1031, Materiality, is applicable to annual reporting periods beginning on or after 1 January 2014. This Standard provides references to other Standards and the Framework that contain guidance on materiality.

AASB 2013-3, Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets, has application from 1 July 2014.

AASB 2013-6, Amendments to AASB 136 arising from Reduced Disclosure Requirements, has application from 1 July 2014.

AASB 2013-8, Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities, has application from 1 July 2014.

AASB 2013-9, Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments has application from 1 July 2014.

Albury Wodonga Health NSW Employment Division Special Purpose Service Entity
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	2014	2013
	\$000	\$000
3. Employee Related		
Employee related expenses comprise the following:		
Long Service Leave Accepted by the Crown	644	619
Long Service Leave On-Costs Borne by Entity	36	(14)
	680	605
	680	605
4. Provisions		
Current		
Long Service Leave Consequential On-Costs	555	521
	555	521
Total Current Provisions	555	521
Non-Current		
Long Service Leave - Conditional	29	27
	29	27
Total Non-Current Provisions	29	27

5. Events after the Reporting Period

Staff currently employed with Mental Health Community Services at Albury may transfer from Murrumbidgee Local Health District to Albury Wodonga Health (Victoria). Subsequently, the Division may be used as the vehicle to transition annual leave employee entitlements and capture the accrued value of Long Service Leave for the above purposes.

6. Prior Period Error

The Division has identified the following prior period adjustments. Necessary corrections have been made as required by AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, as listed below:

The Division understated its long service leave liability and its acceptance by the Crown of Long Service Leave Benefits. This was as a result of not capturing the employees seconded to Albury Wodonga Health (Victoria) as part of the inter governmental agreement in relation to the integration of health services in Wodonga and Albury. This was an accounting recognition issue within these statements, individual leave entitlements or records were not impacted. Under the agreement, the long service leave entitlements of these seconded employees rest with the State of NSW through this Division.

Albury Wodonga Health NSW Employment Division Special Purpose Service Entity
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

6. Prior Period Error (continued)

- (i) Restatement of Statement of Comprehensive Income and Statement of Financial Position for the year ended 30 June 2013 financial statement line items impacted by the prior period adjustment.

	2013 Reported \$000	Leave Adjustment \$000	2013 Revised \$000
Statement of Comprehensive Income			
Expenses excluding losses			
Operating Expenses	84	521	605
Total Expenses excluding losses	84	521	605
Revenue			
Acceptance by the Crown Entity of Employee Benefits	----	619	619
Total Revenue	----	619	619
Total Comprehensive Income	(84)	98	14
Statement of Financial Position			
Provisions	----	521	521
Total Current Liabilities	----	521	521
Provisions	----	27	27
Total Non-Current Liabilities	----	27	27
Total Liabilities	----	548	548
Net Assets	----	(548)	(548)
Equity			
Accumulated Funds	----	(548)	(548)
Total Equity	----	(548)	(548)

- (i) Restatement of Statement of Financial Position for the year ended 30 June 2012 financial statement line items impacted by the prior period adjustment.

	2012 Reported \$000	Leave Adjustment \$000	2012 Revised \$000
Statement of Financial Position			
Provisions	----	534	534
Total Current Liabilities	----	534	534
Provisions	----	28	28
Total Non-Current Liabilities	----	28	28
Total Liabilities	----	562	562
Net Assets	----	(562)	(562)
Equity			
Accumulated Funds	----	(562)	(562)
Total Equity	----	(562)	(562)