

Board of Professional Engineers

2012–13 Annual Report

Letter of compliance

The Honourable Tim Mander, MP
Minister for Housing and Public Works
Level 7, 80 George Street
Brisbane Qld 4000
Brisbane

Dear Minister

I am pleased to present the Board of Professional Engineers of Queensland Annual Report on the administration of the *Professional Engineers Act (2002)* for the financial year ended 30 June 2013.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual Report Requirements for Queensland Government Agencies*.

A checklist outlining the annual reporting requirements can be found at page 15 of this annual report or accessed at www.bpeq.qld.gov.au.

Yours faithfully



Chris Carr
Chair

Part A

Communication objective

This Annual Report provides information about the Board of Professional Engineers' financial and non-financial performance for 2012/13.

This report has been prepared for the Minister to submit to Parliament. It has also been prepared to meet the needs of stakeholders including the commonwealth and local governments, industry and business associations, community groups, and also staff.

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty understanding this annual report, you can contact us on (07) 3224 6032 and an interpreter will be arranged to effectively communicate the report to you.



Further copies of this report are available by contacting the Board on (07) 3224 6032, or on the Board's website at www.bpeq.qld.gov.au

Board of Professional Engineers of Queensland Annual Report 2012/13
© Board of Professional Engineers of Queensland (BPEQ). 2013

This annual report is licensed by the State of Queensland (*Board of Professional Engineers*) under a Creative Commons Attribution (CC BY) 3.0 Australia licence.



CC BY Licence Summary Statement:

In essence, you are free to copy, communicate and adapt this annual report, as long as you attribute the work to the State of Queensland (*Board of Professional Engineers*).

To view a copy of this licence, visit

<http://creativecommons.org/licenses/by/3.0/au/deed.en>

Attribution:

Content from this annual report should be attributed as:

The State of Queensland (Board of Professional Engineers) annual report 2012-2013

ISSN 2202-7238

Contents

| | |
|---|----|
| Letter of compliance | 1 |
| Communication objective | 2 |
| The Board | 4 |
| Finance | 6 |
| Performance..... | 7 |
| Registration | 8 |
| Disciplinary activities | 9 |
| Complaints | 9 |
| Amendments to the Act and the Code of Practice | 10 |
| Continuing registration requirements | 11 |
| Performance agreement..... | 11 |
| Communication | 11 |
| Statement of affairs under the Right to Information Act 2009..... | 11 |
| Risk management | 13 |
| Information systems and recordkeeping | 13 |
| Matters to be included in the annual report..... | 13 |
| Publication of the annual report | 13 |
| Summary..... | 13 |
| Compliance Checklist..... | 14 |

Part B

Financial statements

The Board

The Board of Professional Engineers of Queensland was established by the *Professional Engineers Act 1929*. The *Professional Engineers Act 2002* (the Act) is the current legislation.

Section 3 of the Act describes the main objects of the Act as:

- (a) to protect the public by ensuring professional engineering services are provided by a registered professional engineer in a professional and competent way;
- (b) to maintain public confidence in the standard of services provided by registered professional engineers; and
- (c) to uphold the standards of practice of registered professional engineers.

Section 4 of the Act explains that the main objects are to be achieved primarily by:

- (a) providing for the registration of individuals as registered professional engineers under this Act;
- (b) providing for the monitoring and enforcement of compliance with this Act;
- (c) imposing obligations on persons about the practice of engineering; and
- (d) establishing the Board of Professional Engineers of Queensland.

Section 80 of the Act describes the functions of the Board as follows:

- (a) to assess applications made to it under this Act;
- (b) to register persons who are eligible for registration and issue certificates of registration;
- (c) to conduct, or authorise investigations about the professional conduct of registered professional engineers and contraventions of this Act;
- (d) to keep the Register;

- (e) to advise the Minister about:
 - (i) eligibility requirements for persons applying for registration, or renewal or restoration of registration;
 - (ii) the suitability of entities to be assessment entities; and
 - (iii) the operation of this Act in its application to the practice of engineering;
- (f) to review the eligibility requirements mentioned in paragraph (e)(i);
- (g) to perform other functions given to the Board under this or another Act;
- (h) to perform a function incidental to a function mentioned in paragraphs (a) to (g).

The Board of Professional Engineers of Queensland does not have any sub-committees or similar sub-bodies.

Structure

The Board consists of a chair and six members appointed by the Governor in Council. There is a Registrar of the Board who is responsible for managing the administrative affairs of the Board.

Membership

The Members of the Board are:

Chair

From 01/07/12 to 19/12/12
(Acting Chair) Jennifer Mackenzie
BE(Metallurgical) MAusIMM(CP) RPEQ
Dysart
Representative of regional engineers

From 20/12/12 to 30/06/13
Christopher Carr BE, MBA, MSc, RPEQ,
FAusIMM(CP), MIEAust
Mount Isa
Representative of regional Queensland

Deputy Chair

From 01/07/12 to 19/12/12

Jennifer Mackenzie *BE(Metallurgical)*
MAusIMM(CP) RPEQ

Dysart

Representative of regional engineers

From 20/12/12 to 30/06/13

Professor Yinghe He *B.Eng, M.Eng, PhD,*
FIEAust, FICChemE, CEng

Townsville

Academic representative from a school of
engineering in Queensland

Members

From 01/07/12 to 30/06/13

Mr Greg McLean *BAPSc(Building) FAIB*
Northgate

Representative of the construction industry

Mr Michael Marley *BE MEngSc HonFIEAust*
FAICD RPEQ

Indooroopilly

Representative of registered professional
engineers

Ms Carolyn Mason *BEcon BA (Hons) FAICD*
FAIM FIPAA

Ashgrove

Representative of consumers

Ms Joanna Jenkins *BA, LLB (Hons)*

Representative of the legal profession

From 01/07/12 to 19/12/12

Professor Yinghe He *B.Eng, M.Eng, PhD,*
FIEAust, FICChemE, CEng

Townsville

Academic representative from a school of
engineering in Queensland

From 30/08/12 to 30/06/13

Mr Michael Brady *FIE Aust, CP Eng,*
FIPWEAQ, RPEQ, MAIPM, CPPD, a
representative of the Queensland Division of
the Institute of Engineers Australia

Registrar

Ms Clare Murray *LLB GAICD*

Assistant Registrar

Mr Gary Stirling

Senior Legal Officer

Mr David Broatch *BA LLB GradDip Legal*
Prac

Finance Officer

Mrs Deborah Good *PNA*

Administration Officer

Miss Teresa Montgomery

The Board expresses their appreciation for
the services of the Registrar and staff.

Meetings

The Board meets monthly (except January,
April and September) to carry out the
functions of the Board as described in s.80
of the Act.

The Board met nine times during the
financial year. Attendance and fees are
shown in the following table:

| | No. attended | No. eligible to attend | Fees \$ |
|-------------------|-----------------|---------------------------|------------|
| Mr C Carr | 4 | 4 | Nil |
| Ms J Mackenzie | 4 | 4 | Nil |
| Mr G McLean | 8 | 9 | 3,683 |
| Mr M Marley | 8 | 9 | 3,534 |
| Ms C Mason | 8 | 9 | 4,607 |
| Mr Yinghe He | 8 | 9 | 3,562 |
| Mr M Brady | 6 | 7 | Nil |
| Ms J Jenkins | 7 | 9 | 3,061 |

There has been no overseas travel
undertaken on behalf of the Board by Board
members during the year. Travel has been
for attendance at Board meetings in
Brisbane (eight) and Townsville (one), and
the Registrar has conducted meetings and
presentations in regional Queensland and
interstate.

Business

The business of the Board is carried out by the Registrar, Ms Clare Murray. Ms Murray is assisted by an Assistant Registrar, a Senior Legal Officer, a Senior Finance Officer and an Administration Assistant.

Business is conducted from offices at The Mansions, Level 1, 40 George Street, Brisbane.

External audit

The Board is audited annually by the Queensland Audit Office. An Independent Audit Report from the Auditor-General of Queensland forms part of the financial statements included in the Annual Report.

Finance

The Act requires all costs of the Queensland Government associated with the regulation of engineers, including the Board's costs of administration of the Act, to be met by fees levied on registrants under the Act.

The major influence on the Board's financial position is the number of complaints in any given year that require investigation and disciplinary action. Based on historical patterns for the last few years, at present the fees are adequate to maintain the financial viability of the Board. This will enable the Board to meet its responsibilities, to remain self-funded, to act independently, impartially, and in the public's interest.

Performance

Objective 1

- to protect the public by ensuring professional engineering services are provided by a registered professional engineer in a professional and competent way.

Comment

The development of the Code of Practice, documentation of the processes and procedures of the Board's activities and development of policies has provided a robust quality system for the registration of professional engineers and the management of complaints about registered professional engineers.

The approval of five assessment entities and the development of an assurance system, including independent review, to validate the quality of the Assessment Entities are now in place.

The Board has implemented compulsory continuing professional development (CPD) to ensure the competencies of registered professional engineers remain current.

Performance

The Board is confident the public can be assured of the competence of registered professional engineers generally.

Conclusion

The objective is appropriate and the Board has met objective 1.

Objective 2

- to maintain public confidence in the standard of services provided by registered professional engineers.

Comment

The Board initiates disciplinary action against registered engineers in response to complaints.

The Board initiates disciplinary action against unregistered persons providing professional engineering services.

This activity is initiated on the basis of a formal complaint process as the Board does not have the resources to pro-actively achieve this goal.

Performance

The Board has referred unsatisfactory conduct of registered persons to the Queensland Civil and Administrative Tribunal (QCAT) for hearings. From the time an application to hear disciplinary charges is lodged in the QCAT, the Board makes it clear to the registered person how it views the gravity of the charge and what outcomes it is seeking – whether it be de-registration, fines and/or costs. Where possible consent orders are agreed to with the registered person and submitted to the QCAT for ratification. This avoids the unnecessary legal costs on both sides, of preparing cases and presenting them to the QCAT.

Conclusion

The objective is appropriate and the Board has met objective 2.

Objective 3

- to uphold the standards of practice of registered professional engineers.

Comment

The Board has a Code of Practice for registered professional engineers and has developed fitness to practice standards that must be met before applications for renewal of registration are approved annually. These initiatives have strengthened the Board's capability to meet this objective.

The requirement for CPD and the audit of registered professional engineers has been developed and will assist the Board in the meeting of objective three.

Performance

The Board's work within its resource constraints has been satisfactory.

Conclusion

The objective is appropriate and the Board has met objective 3.

Registration

Operations 2012/13

The following table details the registration activity of the Board over the last four years.

| | 2012/13 | 2011/12 | 2010/11 | 2009/10 |
|--------------------------|---------|---------|---------|---------|
| New Registrations | 1417 | 1180 | 954 | 547 |
| Reinstatement | 117 | 184 | 159 | 220 |
| Disqualification | (2) | (1) | 0 | (1) |
| Retired/Resigned /Lapsed | (305) | (494) | (82) | (511) |
| TOTAL | 9715 | 8488 | 7619 | 6588 |

Qualifications for registration - legislative requirements

Under section 9 of the Act, an applicant for registration is eligible for registration only if:

- the applicant is qualified, under section 10 of the Act, for registration; and
- the Board considers the applicant is fit to practise as a registered professional engineer.

The registration scheme is a co-regulatory approach involving the joint administration by the professional engineering bodies and the Board as a statutory governing body. The registration process is consistent with national and international standards for the recognition of professional engineers.

Section 10 of the Act provides that an applicant for registration is qualified for registration in an area of engineering if the applicant has the qualifications and competencies provided for under the assessment scheme of a professional engineering body which has been approved by the Minister.

The approved assessment scheme entities are:

- Engineers Australia
- The Australasian Institute of Mining and Metallurgy (AusIMM)
- Institution of Fire Engineers, Australia (IFE)
- Institution of Chemical Engineers (IChemE)
- Royal Institute of Naval Architects (RINA)

The five approved assessment schemes currently provide assessment for registration in the following general areas of engineering:

| | |
|--|---------------------------|
| Aerospace | Biomedical |
| Building Services | Chemical |
| Civil | Electrical |
| Environmental | Management |
| Marine | Mechanical |
| Naval Architecture | Structural |
| Mining | Metallurgical |
| Geotechnical (Mining) | |
| Information, Telecommunications and Electronics | |
| Fire Engineering | Petroleum |
| Fire Safety | Heritage and Conservation |
| In-service Inspection of Amusement Rides and Devices | |
| Pressure Equipment Design Verification | |
| Sub-divisional Geotechnics | |

The Board continues to monitor the effectiveness and timeliness of the assessment process as the numbers of assessments continue to grow.

Fitness to practise

The Board has a key role in assessing an individual's Fitness to Practise. The Fitness to Practise issues include criminal records, health assessments and insolvency issues. Under the renewal process a declaration from the Registered Professional Engineer of Queensland (RPEQ) is required on an annual basis to satisfy the Board that the RPEQ is eligible for renewal of their registration. Fitness to Practise is also a component of assessment for new applications for registration received by the Board.

Continued competency

The Board has developed CPD requirements in collaboration with approved Assessment Entities. RPEQs are required to demonstrate continued competency before registration will be renewed. An audit program of RPEQs has commenced and runs in conjunction with those run by the assessment entities Engineers Australia and the AusIMM. In this year the Board has selected approximately 10% of the registered professional engineers to undergo a CPD Audit by an assessment entity.

Publication of the register

The full Register of Registered Professional Engineers of Queensland (both past and present) is available for inspection at the Board's office. A register of currently registered professional engineers can be viewed online at www.bpeq.qld.gov.au

Information about the status of an RPEQ may be confirmed by telephone, fax, or email enquiry to the Board's office.

Disciplinary activities

The Act gives RPEQs the exclusive right to provide professional engineering services in Queensland. In return for this right, RPEQs have the responsibility to practise ethically within their area of competence. The Board has a complaints mechanism which allows aggrieved persons to lodge a complaint with the Board. Under the Act, information about the type of conduct the Board considers could give rise to a complaint, and how a person may make a complaint are required to be kept available for inspection by members of the public at the Board's office. It is also available on the Board's website.

Provided the complaints are not trivial, frivolous or vexatious, the Board has the responsibility to consider whether to commence an investigation of the complaint. The Board also has the responsibility to consider whether to investigate offences against the Act including false claims regarding registration.

Complaints

During the 2012/13 financial year, the Board received 38 written complaints regarding the practice of engineering. They related to both the conduct of RPEQs (17) and unregistered engineering practice (21).

Of the 21 complaints about unregistered practise during the year:

- two related to previously registered professional engineers;
- 19 related to persons providing professional engineering services who have never been registered.

Of the 38 new complaints received, the Board decided that:

- 12 were to be investigated;
- 14 complaints were dismissed during this period on the grounds that there was either insufficient evidence for disciplining the engineer, or the issue was outside the jurisdiction of the Board, or the Board felt that evidence showed that the engineer had not committed an offence under the Act; and
- 12 matters remain undecided at this time.

During the year, the Board investigated 27 complaints; twelve from this financial year and 15 which were still under consideration from the previous year. The outcomes of these were:

- one was reprimanded by the Board;
- two are currently with the Magistrates Court for offences under the Act;
- two have been prosecuted in the Magistrates Court for offences under the Act;
- one was dismissed in the Magistrates Court;
- two against RPEQs are with QCAT for disciplinary hearings;
- one has been reprimanded in QCAT;
- 12 are still under consideration;
- six had no further action taken against them.

Amendments to the Act and the Code of Practice

The Board of Professional Engineers initiated a review in late 2012, of the Queensland Professional Engineers Act 2002 to promote compliance with the provisions of the legislation, and ensure that the legislation is effective and up-to-date. A discussion paper was circulated to seek the views of industry, the profession, economic development organisations and consumers about the operations of the Act and the achievement of its objects.

The Board invited submissions in response to the discussion paper. Specific questions were asked in the paper to provide a structure for formal consultation. They were prepared as a result of information and feedback received through:

- Board's deliberations in conducting its governance responsibilities
- Registrar's knowledge and understanding based on an engagement strategy with peak engineering and industry bodies and employers and registrants
- Code of practice presentations and submissions
- Registrant feedback.

The questions canvassed in the Paper include:

- The registration of professional engineers, graduates and non-practising engineers
- enforcement and other issues
- the interpretation of aspects of carrying out a professional engineering service
- the governance of the Board.

Questions also addressed the reduction of red tape and invited comments and information more generally on issues.

The purpose of the review was to ensure the Act remains relevant and appropriate in the dynamic environment at the state, national and international levels.

Submissions had to be made in writing by responding to the questions in the discussion paper and providing any other information or relevant comments.

Submitters were asked where appropriate, to provide evidence to support comments, such as practical examples, decisions and cases.

The closing date for providing comment on the discussion paper was 18 January 2013.

In total, 97 submissions were received of which 10 were from Associations representing various engineering interest groups, 8 were from Corporations and the remaining 79 were from individuals.

All of these submissions have been analysed and recommendations for amendments to the Act have been submitted to the Minister for Housing and Public Works. The Department of Housing and Public Works instigated further consultation the results of which are currently being reviewed by the Board.

The Code of Practice was revised from 1 July 2008 to provide guidance on the requirements of direct supervision.

In order to meet the objects of the Act, the Act has been structured to ensure the community is provided with current best practice in determining the appropriate level of professional competence required to provide safe and effective professional engineering services.

Community and professional expectations regarding what constitutes an appropriate level of professional competence to provide safe and effective professional services, and how professional competence should be authenticated, continue to change over time. The Board is working closely with the profession and other stakeholders to ensure that consistency in these standards is maintained across the profession.

A review of the Code of Practice was undertaken during 2011/12 and as a result amendments were put forward to the Minister. The Board is still awaiting approval of the amendments.

Continuing registration requirements

The program for CPD compliance is currently being administered by the Board in line with the Continuing Registration Requirements (CRR) Policy. The audit of engineers commenced from 1 July 2011.

Performance agreement

The Board has entered into a performance agreement with the Minister as required under section 99 of the Professional Engineers Act 2002, identifying the Board's strategic direction for the current financial year and the two following years. The performance agreement may include other matters relevant to the Board's functions and as agreed to by the Minister and the Board.

Communication

Presentations on the Act

A number of presentations were given by the Registrar during the year to various professional bodies and industry including, but not limited to:

- Institute of Public Works Engineering Australia (IPWEA) Engineering Conferences – Cooktown, Longreach
- Institution of Chemical Engineers (ICChemE)
- Engineers Australia Regional Chairs Meeting
- Engineers Australia Regional Engineering and Risk Conferences – Mackay, Rockhampton, Toowoomba
- AusIMM Conferences - New Leaders, International Mine Management, Mine Ventilation and Metplant
- Australian Biomedical Conference
- Local Government Managers Association Conference
- Bowen Basin Underground Engineers Conference
- Eastern Australia Ground Control Group Conference
- Consult Australia

The Registrar accepted numerous invitations from companies and other key industry stakeholders to conduct information sessions and workshops to discuss the Professional Engineers Act throughout Australia.

Some of these included:

- Worley Parsons
- Logicamms
- Santos
- FL Smidth
- Western Australia Minister for Finance, Minister for Commerce, and Minister for Small Business
- Simon Corbell, MLA, Attorney General, Minister for the Environment and Sustainable Development, Minister for Police and Emergency Services, Minister for Workplace Safety and Industrial Relations, ACT

Statement of affairs under the *Right to Information Act 2009*

Description of the Board's structure and functions

The Act provides for the registration of professional engineers. It provides mechanisms for the investigation of complaints regarding the conduct of registered professional engineers. It prohibits persons who are not registered under the Act from undertaking professional engineering services except for individuals who practice under the supervision of registered professional engineers.

The Act is administered by the Board of Professional Engineers of Queensland. The Board is required to act independently, impartially and in the public interest. The Minister responsible, the Minister for Housing and Public Works may give the Board a written direction about the performance of the Board's functions or exercise of its powers if satisfied that it is necessary to give a direction in the public interest.

How the Board affects the community

The operations of the Board of Professional Engineers of Queensland affect the community in that persons other than registered professional engineers cannot provide professional engineering services.

Engineers are responsible for the integrity and design of buildings and other structures, essential services such as power, water supply and sewerage, and numerous consumer items essential to everyday living. The process of allowing only qualified and competent people to offer professional engineering services has the benefit of minimising the potential for substandard practice and the risk to public health and safety. The Board monitors this process carefully in all its deliberations.

Arrangement for public participation

The Act provides for procedures for the public to make complaints against registered professional engineers and unregistered persons undertaking professional engineering work.

Categories of documents

The Board maintains the following categories of documents:

- Personal registration files of natural persons;
- Files on formerly registered professional engineering companies;
- Files on formerly registered professional engineering units;
- Register of registered professional engineers;
- Minutes of Board meetings;
- Files on the case management of complaints;
- Files on the case management of investigations;
- Files on the case management of prosecutions;
- Files on Board activities;
- General files; and
- Policies of the Board.

Right to Information procedures and contact details

The Registrar of the Board is the contact person for Right to Information matters and is available to assist applicants seeking information from the Board.

Applications can be addressed to:

The Registrar
Board of Professional Engineers of
Queensland
PO Box 15213
CITY EAST QLD 4002

Or delivered in person to:

Board of Professional Engineers of
Queensland
First Floor, The Mansions
40 George Street
BRISBANE QLD 4000

Literature available by way of subscription services or free mailing lists

The Board does not make literature available by way of subscription services or free mailing lists.

Access to documents

Facilities for examining documents and obtaining copies are available from the Board's office at The Mansions, First Floor, 40 George Street, Brisbane.

The Register of RPEQs is open for inspection, free of charge, at the Board's office by members of the public during ordinary office hours. A person may obtain a copy of the Register or a part of it, on payment of the prescribed fee of \$34.60 plus \$2.05 for each page.

Risk management

The Board has established a risk management program consistent with the principles set out in *AS/NZS ISO 31000:2009*. Risk management is addressed as part of the annual strategic planning session usually held in November.

Information systems and recordkeeping

In accordance with the *Public Records Act 2002*, the Board of Professional Engineers uses record keeping best practices to identify, capture and maintain complete and accurate records which are retained in an accessible and useable format that preserves the evidential integrity of those records for as long as they are required.

Matters to be included in the annual report

In accordance with section 107 of the Act, the Board states that:

- (a) no ministerial direction was given to the Board under section 98(1) of the Act during the year;
- (b) the Board's activities during the year were consistent with its performance agreement; and
- (c) details about disciplinary proceedings or proceedings for a contravention of the Act, started by the Board are set out on page nine.

Publication of the annual report

Copies of the Annual Report are available on the website, distributed annually to a number of key stakeholders and are available from the Board's office at The Mansions, First Floor, 40 George Street, Brisbane.

Summary

The Board continues to develop best practice in the regulation of the engineering profession. The underpinning approach of co-regulation informs the strategies developed to implement the Act, and the cost neutral requirement informs the financial arrangements. The objectives of protecting the public, maintaining public confidence and upholding standards through strategic use of available resources, remain the focus of the Board's activities.

Christopher Carr
Chair
Board of Professional Engineers of Queensland

Compliance Checklist

| Summary of requirement | | Basis for requirement | Annual report reference |
|---------------------------|--|--|--|
| Letter of compliance | <ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister | ARRs – section 8 | P1 |
| Accessibility | <ul style="list-style-type: none"> Table of contents | ARRs – section 10.1 | P3 |
| | <ul style="list-style-type: none"> Glossary Public availability | ARRs – section 10.2 | P2 |
| | <ul style="list-style-type: none"> Interpreter service statement | <i>Queensland Government Language Services Policy</i> | P2 |
| | <ul style="list-style-type: none"> Copyright notice | <i>Copyright Act 1968</i> | P2 |
| | <ul style="list-style-type: none"> Information licensing | <i>Queensland Government Enterprise Architecture – Information licensing</i> | P2 |
| General information | <ul style="list-style-type: none"> Introductory Information | ARRs – section 11.1 | P4 |
| | <ul style="list-style-type: none"> Agency role and main functions | ARRs – section 11.2 | P4-6 |
| | <ul style="list-style-type: none"> Operating environment | ARRs – section 11.3 | P4-6 |
| | <ul style="list-style-type: none"> Machinery of Government changes | ARRs – section 11.4 | N/A |
| Non-financial performance | <ul style="list-style-type: none"> Government objectives for the community | ARRs – section 12.1 | Refer to P7 Performance |
| | <ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives | ARRs – section 12.2 | N/A |
| | <ul style="list-style-type: none"> Agency objectives and performance indicators | ARRs – section 12.3 | Refer to P7 Performance |
| | <ul style="list-style-type: none"> Agency service areas, service standards and other measures | ARRs – section 12.4 | Refer to P7 Performance |
| Financial performance | <ul style="list-style-type: none"> Summary of financial performance | ARRs – section 13.1 | Refer to Part B – Financial Statements |
| | <ul style="list-style-type: none"> Chief Finance Officer (CFO) statement | ARRs – section 13.2 | |
| | <ul style="list-style-type: none"> Organisational structure | ARRs – section 14.1 | Refer to P4 Structure |
| | <ul style="list-style-type: none"> Executive management | ARRs – section 14.2 | Refer to P4 Structure |
| | <ul style="list-style-type: none"> Related entities | ARRs – section 14.3 | N/A |
| | <ul style="list-style-type: none"> Boards and committees | ARRs – section 14.4 | N/A |

| Summary of requirement | | Basis for requirement | Annual report reference |
|--|---|---|--|
| | <ul style="list-style-type: none"> Public Sector Ethics Act 1994 | <i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs – section 14.5 | Refer to Department of Housing and Public Works |
| Governance – risk management and accountability | <ul style="list-style-type: none"> Risk management | ARRs – section 15.1 | P13 |
| | <ul style="list-style-type: none"> External Scrutiny | ARRs – section 15.2 | Nil |
| | <ul style="list-style-type: none"> Audit committee | ARRs – section 15.3 | Nil |
| | <ul style="list-style-type: none"> Internal Audit | ARRs – section 15.4 | Nil |
| | <ul style="list-style-type: none"> Public Sector Renewal Program | ARRs – section 15.5 | Refer to Department of Housing and Public Works |
| | <ul style="list-style-type: none"> Information systems and recordkeeping | ARRs – section 15.7 | P13 |
| Governance – human resources | <ul style="list-style-type: none"> Workforce planning, attraction and retention and performance | ARRs – section 16.1 | Refer to Department of Housing and Public Works |
| | <ul style="list-style-type: none"> Early retirement, redundancy and retrenchment | Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2 | |
| | <ul style="list-style-type: none"> Voluntary Separation Program | ARRs – section 16.3 | |
| Open Data | <ul style="list-style-type: none"> Open Data | ARRs – section 17 | |
| Financial statements | <ul style="list-style-type: none"> Certification of financial statements | FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1 | Refer to Part B – Financial Statements |
| | <ul style="list-style-type: none"> Independent Auditors Report | FAA – section 62 FPMS – section 50 ARRs – section 18.2 | |
| | <ul style="list-style-type: none"> Remuneration disclosures | <i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3 | |

Part B

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

FINANCIAL STATEMENTS

30 JUNE 2013

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

FINANCIAL STATEMENTS

30 JUNE 2013

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND FINANCIAL STATEMENTS 2012-13

Contents

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

Management Certificate

General Information

These financial statements cover the Board of Professional Engineers of Queensland.

The Board of Professional Engineers of Queensland is a Queensland Government Statutory Body established under the *Professional Engineers Act 1929*.

The head office and principal place of business of the Board is:

Level 1, The Mansions

40 George Street

Brisbane QLD 4000

A description of the nature of the Board's operations and its principal activities is included in the notes to the financial statements.

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

| | Notes | 2013 \$ | 2012 \$ |
|--|-------|------------------|------------------|
| Income from Continuing Operations | | | |
| Fees and Other Receipts | 2 | 1,876,567 | 1,562,004 |
| Interest Revenue | 3 | 58,565 | 59,708 |
| Other Revenue | 4 | 1,551 | 1,459 |
| Total Income from Continuing Operations | | <u>1,936,683</u> | <u>1,623,171</u> |
| Expenses from Continuing Operations | | | |
| Administrative Expenses | 5 | 441,593 | 449,497 |
| Employee Expenses | 6 | 615,822 | 497,200 |
| Investigation and Legal Expenses | | 813,132 | 505,853 |
| Depreciation | | 4,910 | 3,322 |
| Total Expenses from Continuing Operations | | <u>1,875,456</u> | <u>1,455,871</u> |
| Operating Result from Continuing Operations | | <u>61,227</u> | <u>167,299</u> |
| Other Comprehensive Income | | - | - |
| Total Comprehensive Income | | <u>61,227</u> | <u>167,299</u> |

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

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

| | Notes | 2013 \$ | 2012 \$ |
|----------------------------------|--------------|--------------------------|--------------------------|
| Current Assets | | | |
| Cash and Cash Equivalents | 7 | 2,141,731 | 1,785,882 |
| Receivables | 8 | 51,064 | 49,126 |
| Other Assets | 9 | 16,520 | 11,351 |
| Total Current Assets | | <u>2,209,314</u> | <u>1,846,359</u> |
| Non-Current Assets | | | |
| Plant and Equipment | 10 | 13,449 | 12,356 |
| Total Non-Current Assets | | <u>13,449</u> | <u>12,356</u> |
| Total Assets | | <u><u>2,222,764</u></u> | <u><u>1,858,715</u></u> |
| Current Liabilities | | | |
| Payables | 11 | 55,454 | 6,031 |
| Unearned Revenue | 12 | 1,728,375 | 1,462,122 |
| Accrued Expenses | 13 | 54,243 | 70,256 |
| Other Current Liabilities | 14 | 3,817 | 659 |
| Total Current Liabilities | | <u>1,841,890</u> | <u>1,539,068</u> |
| Total Liabilities | | <u><u>1,841,890</u></u> | <u><u>1,539,068</u></u> |
| NET ASSETS | | <u><u>380,874</u></u> | <u><u>319,647</u></u> |
| EQUITY | | | |
| Accumulated Surplus | | 380,874 | 319,647 |
| TOTAL EQUITY | | <u><u>380,874</u></u> | <u><u>319,647</u></u> |

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

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

| | Notes | \$ |
|---|-------|----------------|
| Balance as at 1 July 2012 | | 319,647 |
| Operating Result from Continuing Operations | | 61,227 |
| Balance as at 30 June 2013 | | <u>380,874</u> |
| Balance as at 1 July 2011 | | 152,348 |
| Operating Result from Continuing Operations | | 167,299 |
| Balance as at 30 June 2012 | | <u>319,647</u> |

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

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

| | Notes | 2013 \$ | 2012 \$ |
|--|-------|-------------------------|-------------------------|
| Cash Flows from Operating Activities | | | |
| <i>Inflows:</i> | | | |
| Fees and Other Receipts | | 2,016,358 | 1,719,095 |
| Penalties and Costs | | 126,045 | 83,155 |
| Interest Revenue | | 58,565 | 59,708 |
| GST Collected on Sales | | 123 | 146 |
| GST Collected from ATO | | 173,461 | 118,766 |
| <i>Outflows:</i> | | | |
| Employee Expenses | | (604,088) | (482,772) |
| Board Member Expenses | | (39,702) | (46,422) |
| Administrative Expenses | | (389,612) | (381,276) |
| Investigations and Legal Expenses | | (806,422) | (504,991) |
| GST Paid on Purchases | | (177,078) | (135,722) |
| Net Cash provided by/(used in) Operating Activities | 15 | <u>357,650</u> | <u>429,687</u> |
| Cash Flows from Investing Activities | | | |
| <i>Outflows:</i> | | | |
| Payments for Fixed Assets | | <u>(1,801)</u> | <u>(10,405)</u> |
| Net Cash provided by/(used in) Investing Activities | | <u>(1,801)</u> | <u>(10,405)</u> |
| Net Increase in Cash and Cash Equivalents | | 355,849 | 419,282 |
| Cash at the beginning of the financial year | | <u>1,785,882</u> | <u>1,366,600</u> |
| Cash at the end of the financial year | 7 | <u><u>2,141,731</u></u> | <u><u>1,785,882</u></u> |

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

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Objectives of the Board

| | |
|---------|---|
| Note 1 | Summary of Significant Accounting Policies |
| Note 2 | Fees and Other Receipts |
| Note 3 | Interest Revenue |
| Note 4 | Other Revenue |
| Note 5 | Administrative Expenses |
| Note 6 | Employee Expenses |
| Note 7 | Cash and Cash Equivalents |
| Note 8 | Receivables |
| Note 9 | Other Assets |
| Note 10 | Plant and Equipment |
| Note 11 | Payables |
| Note 12 | Unearned Revenue |
| Note 13 | Accrued Expenses |
| Note 14 | Other Current Liabilities |
| Note 15 | Reconciliation of Operating Surplus/(Deficit) to Net Cash Provided by (Used in) Operating Activities |
| Note 16 | Events Occurring after Reporting Date |
| Note 17 | Commitments for Expenditure |
| Note 18 | Contingent Assets and Liabilities – Litigation in Progress |
| Note 19 | Financial Risk Management |

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Objectives of the Board

The objectives of the Board of Professional Engineers of Queensland are to protect the public by ensuring professional engineering services are provided by a registered professional engineer in a professional and competent way, to maintain public confidence in the standard of services provided by registered professional engineers, and to uphold the standards of practice of registered professional engineers.

1. Summary of Significant Accounting Policies

(a) Basis of Accounting

The Board of Professional Engineers of Queensland has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2013, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Board of Professional Engineers of Queensland has applied those requirements applicable to not-for-profit entities, as the Board is a not-for-profit Statutory Body. Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The financial report covers the Board of Professional Engineers of Queensland as an individual entity.

(c) Revenue Recognition

Revenue from all fees is recognised on an accrual basis.

These fees are levied in accordance with *Professional Engineers Amendment Regulation (No.1) 2007*. Under this legislation, the registration period finishes at 30 June each year. Registrants who do not renew their registration are removed from the Board's register.

Revenue from interest and fines is recognised on an accrual basis.

(d) Cash and Cash Equivalents

For financial reporting purposes, cash includes all cash at bank, on hand and deposits at call with financial institutions.

(e) Receivables

Receivables are recognised at the amount due at the time of sale or service delivery. The collectability of receivables is assessed periodically with an allowance being made for impairment.

No debts were written off this financial year.

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. Summary of Significant Accounting Policies (continued)

(f) Acquisition of Assets

Cost is used for the initial recording of all non-current asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use.

(g) Plant and Equipment

All items of plant and equipment with a cost or other value in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition.

Items with a lesser value are expensed in the year of acquisition.

(h) Depreciation of Plant and Equipment

Plant and equipment has been recorded in the financial report at cost less accumulated depreciation. Depreciation on all plant and equipment has been calculated on a straight-line basis so as to allocate the cost of each asset progressively over its estimated useful life to the Board.

For each class of depreciable asset the following depreciation rates are used:

| Class | Rate |
|----------------------|--------|
| Plant and Equipment | |
| - Computer Equipment | 20-33% |
| - Office Equipment | 10% |

(i) Payables

Trade creditors are recognised upon receipt of the goods and services ordered at the agreed purchase price. The amounts are non-interest bearing and are normally paid within the terms stated on the creditor's invoice.

(j) Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Board becomes party to the contractual provisions of the financial instrument.

Classification and subsequent measurement

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit and loss
- Receivables – held at amortised cost
- Payables – held at amortised cost

The Board does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the Board holds no financial assets classified at fair value through profit and loss.

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. Summary of Significant Accounting Policies (continued)

(k) Employee Benefits

Employer superannuation contributions, annual leave and long service leave are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits.

Wages, Salaries and Sick Leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

The Registrar, Assistant Registrar, Senior Legal Officer and Administration Officer are employed by the Board on a full-time basis. The Senior Finance Officer is employed by the Board on a permanent part-time basis. All five positions are paid by the Department of Housing and Public Works therefore all benefits are recognised in the Department of Housing and Public Works' financial statements, with all expenses being reimbursed by the Board on a monthly basis.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Board's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-Government basis and reported in those financial statements prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Key Management Personnel and Remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury and Trade. Refer to note 6 for the disclosures on key management personnel and remuneration.

(l) Prepayments and Insurance

Professional insurance and insurance for Board members and officers is paid annually in advance in April each year. The prepaid component is recorded as a current asset. Postage is also prepaid and the credit remaining from postage unspent is recorded as a current asset.

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. Summary of Significant Accounting Policies (continued)

(m) Taxation

The Board is a State Body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of the Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

The Board's income from fees is exempt from GST in accordance with Division 81 Written Determination. Input tax credits receivable and GST payable on income from sources other than fees from/to the Australian Tax Office are recognised.

(n) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest dollar.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(o) Going Concern

This financial report has been prepared on a going concern basis and the Board will be able to meet its debts as and when they fall due.

(p) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(q) Critical Accounting Estimates and Judgements

The Board evaluates estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Key Estimates

Impairment

The Board assesses impairment at each reporting date by evaluation of conditions and events specific to the Board that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. No impairment was considered by the Board to exist in the current year.

(r) Unearned revenue

Annual Renewal fee received during April, May and June 2013 for the registration year commencing 1 July 2013 are recognised as Unearned Revenue in 2012-13.

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. Summary of Significant Accounting Policies (continued)

(s) New and Revised Accounting Standards

The Board did not voluntarily change any of its accounting policies during 2012-13.

The Board applies Australian Accounting Standards and Interpretations in accordance with their respective commencement dates. At the date of authorization of the financial statements, the new or amended Australian Accounting Standards applicable to the Board with future commencement dates are set out below.

- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 1053 *Application of Tiers of Australian Accounting Standards*
- AASB 9 *Financial Instruments (December 2010)* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]

Due to the nature of the Board's activities, these standard changes will not have a significant impact on the Board of Professional Engineers of Queensland's financial statements.

All other Australian Accounting Standards and Interpretations with future commencement dates are not applicable to the Board's activities.

| | 2013 \$ | 2012 \$ |
|-----------------------------------|------------------|------------------|
| 2. Fees and Other Receipts | | |
| Application Fees | 75,017 | 57,166 |
| Registration Fees | 181,525 | 147,331 |
| Renewal Fees | 1,466,405 | 1,231,868 |
| Restoration and Processing Fees | 27,575 | 42,734 |
| Penalties and Costs | 126,045 | 82,905 |
| Total | 1,876,567 | 1,562,004 |
| 3. Interest Revenue | | |
| Cheque Account | 27 | 10 |
| Cash Management | 58,539 | 59,698 |
| Total | 58,565 | 59,708 |
| 4. Other Revenue | | |
| Cost Recoveries | 1,477 | 1,456 |
| Miscellaneous Income | 74 | 3 |
| Total | 1,551 | 1,459 |

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 | 2012 |
|--|----------------|----------------|
| | \$ | \$ |
| 5. Administrative Expenses | | |
| Accounting and Audit Fees* | 11,172 | 15,034 |
| Advertising | 42,980 | 38,651 |
| Bank Charges | 17,740 | 25,525 |
| Code of Practice Review | - | 13,163 |
| CPD Audit Fees | 20,950 | 19,500 |
| Members Expenses | 50,605 | 48,234 |
| Rent/Electricity/Car Parking | 59,375 | 59,859 |
| Office Maintenance | 9,988 | 12,514 |
| Telephone | 7,023 | 8,606 |
| Printing and Stationery | 27,910 | 33,373 |
| Postage and Couriers | 19,211 | 14,586 |
| Insurance | 14,891 | 14,500 |
| Workshops | 4,635 | - |
| Amendments to the Act | 19,500 | - |
| Conferences / Travel | 21,788 | 21,135 |
| Election Costs | 11,559 | - |
| Cost Recoveries | 1,214 | 1,456 |
| Subscriptions | 3,577 | 3,395 |
| Office Systems (includes computer maintenance) | 96,620 | 119,347 |
| Other | 859 | 619 |
| Total | 441,593 | 449,497 |

* Total audit fees paid to the Queensland Audit Office relating to the 2012-13 financial statements are estimated to be \$5,500 (2012: \$5,200). There are no non-audit services included in this amount.

6. Employee Expenses

| | | |
|--------------------|----------------|----------------|
| Salaries and Wages | 611,262 | 495,765 |
| Superannuation | 4,560 | 1,434 |
| Total | 615,822 | 497,200 |

Executive Remuneration 1 July 2012 – 30 June 2013

| Position | Short Term Employee Benefits | | Long Term Employee Benefits | Post Employment Benefits | Termination Benefits | Total Remuneration |
|---------------------------|------------------------------|-----------------------|-----------------------------|--------------------------|----------------------|--------------------|
| | Base | Non-Monetary Benefits | | | | |
| Registrar | 104,833 | - | 2,667 | 13,655 | - | 121,155 |
| Total Remuneration | 104,833 | - | 2,667 | 13,655 | - | 121,155 |

QAO
certified statements

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

6. Employee Expenses (continued)

Executive Remuneration 1 July 2011 – 30 June 2012

| Position | Short Term Employee Benefits | | Long Term Employee Benefits | Post Employment Benefits | Termination Benefits | Total Remuneration |
|---------------------------|------------------------------|-----------------------|-----------------------------|--------------------------|----------------------|--------------------|
| | Base | Non-Monetary Benefits | | | | |
| Registrar | 99,870* | - | 2,677 | 13,614 | - | 116,161 |
| Total Remuneration | 99,870* | - | 2,677 | 13,614 | - | 116,161 |

* Base short term employee benefits have been reduced by \$6,762 as salary sacrificed employee superannuation contributions were incorrectly included in 2011-12.

| | 2013 | 2012 |
|---|-------------|-------------|
| Number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis | 5 | 3 |
| Number of Board members paid wages during the year | 4 | 7 |

The names of current Board members are:

Mr Chris Carr
Mr William Marley
Prof Yinghe He

Mr Gregory McLean
Mr Mike Brady

Ms Carolyn Mason
Ms Joanna Jenkins

The names of past Board members who have held office during the financial year are:

Ms Jennifer Mackenzie

| | 2013 | 2012 |
|-------------------------------------|------------------|------------------|
| | \$ | \$ |
| 7. Cash and Cash Equivalents | | |
| Cash at Bank | 169,345 | 120,416 |
| Petty Cash | 200 | 182 |
| Imprest Account | (78) | 82 |
| QTC Investment Account | 1,972,264 | 1,665,202 |
| Total | 2,141,731 | 1,785,882 |

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 \$ | 2012 \$ |
|-----------------------|---------------|---------------|
| 8. Receivables | | |
| Trade Receivables | 268 | - |
| Undeposited Funds | 1,852 | 179 |
| GST Receivable | 48,944 | 48,947 |
| Total | <u>51,064</u> | <u>49,126</u> |

| | | |
|------------------------|---------------|---------------|
| 9. Other Assets | | |
| Insurance Prepayment | 11,265 | 11,351 |
| Other Prepayment | 5,255 | - |
| Total | <u>16,520</u> | <u>11,351</u> |

| | | |
|--------------------------------|--------------|---------------|
| 10. Plant and Equipment | | |
| Computer Equipment | 17,587 | 17,587 |
| Accumulated Depreciation | (10,136) | (5,231) |
| Total | <u>7,451</u> | <u>12,356</u> |

| | | |
|--------------------------|--------------|----------|
| Office Equipment | 6,003 | - |
| Accumulated Depreciation | (5) | - |
| Total | <u>5,998</u> | <u>-</u> |

| | | |
|----------------------------------|---------------|---------------|
| Total Plant and Equipment | <u>13,449</u> | <u>12,356</u> |
|----------------------------------|---------------|---------------|

Movements Schedule

Computer Equipment

| | | |
|----------------------------|--------------|---------------|
| Carrying amount at 1 July | 12,356 | 5,273 |
| Acquisitions | - | 10,405 |
| Depreciation | (4,905) | (3,322) |
| Carrying amount at 30 June | <u>7,451</u> | <u>12,356</u> |

Office Equipment

| | | |
|----------------------------|--------------|----------|
| Carrying amount at 1 July | - | - |
| Acquisitions | 6,003 | - |
| Depreciation | (5) | - |
| Carrying amount at 30 June | <u>5,998</u> | <u>-</u> |

Total Plant and Equipment

| | | |
|----------------------------|---------------|---------------|
| Carrying amount at 1 July | 12,356 | 5,273 |
| Acquisitions | 6,003 | 10,405 |
| Depreciation | (4,910) | (3,322) |
| Carrying amount at 30 June | <u>13,449</u> | <u>12,356</u> |

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 | 2012 |
|------------------------|---------------|--------------|
| 11. Payables | | |
| Trade Creditors | 37,682 | 1,873 |
| Superannuation Payable | 1,594 | 136 |
| Other Creditors | 16,178 | 4,022 |
| Total | <u>55,454</u> | <u>6,031</u> |

| | | |
|-----------------------------|------------------|------------------|
| 12. Unearned Revenue | | |
| Renewal Fees | 1,728,375 | 1,462,122 |
| Total | <u>1,728,375</u> | <u>1,462,122</u> |

| | | |
|-----------------------------|---------------|---------------|
| 13. Accrued Expenses | | |
| Accrued Telephone | 1,714 | 1,685 |
| Accrued Other | 6,965 | 5,565 |
| Accrued Rent | - | 16,608 |
| Accrued Wages | 45,564 | 46,398 |
| Total | <u>54,243</u> | <u>70,256</u> |

| | | |
|--------------------------------------|--------------|------------|
| 14. Other Current Liabilities | | |
| PAYG Tax Payable to ATO | 3,817 | 659 |
| Total | <u>3,817</u> | <u>659</u> |

**15. Reconciliation of Operating Surplus/(Deficit) to
Net Cash Provided by (Used in) Operating Activities**

| | \$ | \$ |
|--|----------------|----------------|
| Operating Profit/(Loss) | 61,227 | 167,299 |
| Depreciation | 4,910 | 3,322 |
| Changes in Assets and Liabilities | | |
| Decrease (increase) in Receivables | (1,938) | (11,110) |
| Decrease (increase) in Prepayments | (5,169) | (223) |
| Increase (decrease) in Employee Expenses Payable | 4,616 | (1,888) |
| Increase (decrease) in Payables | 43,763 | (3,697) |
| Increase (decrease) in Unearned Revenue | 266,253 | 239,062 |
| Increase (decrease) in Accrued Expenses | (16,012) | 36,922 |
| Net cash provided by/(used in) operating activities | <u>357,650</u> | <u>429,687</u> |

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

16. Events Occurring after Reporting Date

There are no events occurring after the balance date that materially affect the financial statements at 30 June 2013.

17. Commitments for Expenditure

The Board had no capital commitments of a material nature at 30 June 2013.

Non-Cancellable Operating Lease

Commitments under operating leases at reporting date are exclusive of anticipated GST and are payable as follows:

| | 2013 | 2012 |
|---|---------------|---------------|
| | \$ | \$ |
| Not later than one year | 39,649 | 46,045 |
| Later than one year and not later than five years | - | 39,649 |
| Later than five years | - | - |
| Total | 39,649 | 85,694 |

The lease is for the business premises and is a non-cancellable lease with a 3 year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments can be increased by the CPI once a year, during the rent review on 1 May. An option exists to renew the lease at the end of the term, 30 April 2014, for one additional term of three years.

18. Contingent Assets and Liabilities – Litigation in Progress

Contingent Assets

As at 30 June 2013, the following cases were filed in the courts naming the State of Queensland acting through the Board of Professional Engineers of Queensland as plaintiff:

| | 2013 | 2012 |
|-------------------|-----------------|-----------------|
| | Number of Cases | Number of Cases |
| Supreme Court | - | - |
| Federal Court | - | - |
| Magistrates Court | 5 | 1 |
| QCAT | 4 | 3 |
| Total | 9 | 4 |

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

18. Contingent Assets and Liabilities – Litigation in Process (continued)

Contingent Liabilities

As at 30 June 2013 there were no contingent liabilities.

19. Financial Risk Management

Categorisation of Financial Instruments

The Board's financial instruments consist mainly of deposits with financial institutions, receivables and payables.

The totals for each category of financial instrument, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

| Category | 2013 | 2012 |
|---|-----------|-----------|
| Financial assets | \$ | \$ |
| Cash and Cash Equivalents | 2,141,731 | 1,785,882 |
| Receivables | 51,064 | 49,126 |
| Total | 2,192,795 | 1,835,008 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost: | | |
| Payables | 110,908 | 76,946 |
| Total | 110,908 | 76,946 |

Risk Management Strategy

The Board's overall risk management strategy is designed to meet its financial targets, whilst minimising potential effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include the credit risk policies and future cash flow requirements.

The Board did not have any derivative instruments at 30 June 2013.

Specific Financial Risk Exposures and Management

The main risks the Board is exposed to through its financial instruments are credit risk, liquidity risk and interest rate risk.

(a) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Board. The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any allowance for impairment.

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

19. Financial Risk Management (cont.)

The following table represents the Board's maximum exposure to credit risk based on contractual amounts net of any allowances:

| | 2013 | 2012 |
|--|-----------|-----------|
| | \$ | \$ |
| Maximum Exposure to Credit Risk | | |
| Financial Assets | | |
| Cash and Cash Equivalents | 2,141,731 | 1,785,882 |
| Receivables | 51,064 | 49,126 |
| Total | 2,192,795 | 1,835,008 |

The Board does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into.

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

The Board manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Board invests in secure assets, and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

The method for calculating any allowance for impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings.

Ageing of financial assets are disclosed in the following table:

| | 2013 | 2012 |
|-------------|--------|--------|
| | \$ | \$ |
| Receivables | | |
| Not overdue | 51,064 | 49,126 |

There are no impaired financial assets at balance date.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Board might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Board is exposed to liquidity risk in respect of its payables.

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

19. Financial Risk Management (cont.)

The Board manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Board has sufficient funds available to meet employee and supplier obligations at all times. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following tables sets out the liquidity risk of financial liabilities held by the Board. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the payment of the principal amount outstanding at balance date.

| Financial liabilities | 2013 | 2012 |
|------------------------------|----------------|---------------|
| Payables | \$ | \$ |
| Less than 1 year | 110,908 | 76,946 |
| Total | 110,908 | 76,946 |

| | | |
|------------------------------------|----------------|---------------|
| Total financial liabilities | | |
| Less than 1 year | 110,908 | 76,946 |
| Total | 110,908 | 76,946 |

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates.

| | 2013 | 2012 |
|----------------------------------|------------------|------------------|
| Financial assets | | |
| Cash and Cash Equivalents | | |
| Less than 1 year | 2,141,731 | 1,785,882 |
| Total | 2,141,731 | 1,785,882 |

| | | |
|--------------------|---------------|---------------|
| Receivables | | |
| Less than 1 year | 51,064 | 49,126 |
| Total | 51,064 | 49,126 |

| | | |
|-------------------------------|------------------|------------------|
| Total financial assets | | |
| Less than 1 year | 2,192,795 | 1,835,008 |
| Total | 2,192,795 | 1,835,008 |

THE BOARD OF PROFESSIONAL ENGINEERS OF QUEENSLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

19. Financial Risk Management (cont.)

(c) Interest rate sensitivity analysis

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss if interest rates would change by +/-1% from the year-end rates applicable to the Board's financial assets and liabilities. With all other variables held constant, the Board would have a surplus and equity movement of \$21,417 (2012: \$17,859). This is due to the Board's exposure to variable interest rates on cash deposited in interest bearing accounts.

| | 2013 | 2012 |
|------------------------------|-----------|-----------|
| | \$ | \$ |
| Financial instruments | | |
| Cash and Cash Equivalents | 2,141,731 | 1,785,882 |
| Interest rate risk: | | |
| -1% - Profit | (21,417) | (17,859) |
| -1% - Equity | (21,417) | (17,859) |
| +1% - Profit | 21,417 | 17,859 |
| +1% - Equity | 21,417 | 17,859 |

(d) Fair value

Cash, cash equivalents, receivables and payables are short-term in nature. The carrying value is assumed to approximate the fair value so fair value is not disclosed separately. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**CERTIFICATE OF THE BOARD OF
PROFESSIONAL ENGINEERS OF QUEENSLAND**

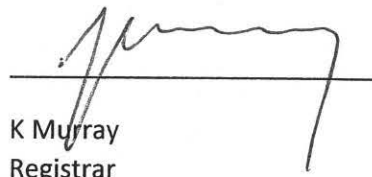
These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements.

In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- a) The prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) The statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of The Board of Professional Engineers of Queensland for the financial year ended 30 June 2013 and of the financial position of the Board at the end of that year.



C Carr
Chairperson



K Murray
Registrar

Dated this 23rd day of August 2013

INDEPENDENT AUDITOR'S REPORT

To the Board of Board of Professional Engineers of Queensland

Report on the Financial Report

I have audited the accompanying financial report of Board of Professional Engineers of Queensland, which comprises the statement of financial position as at 30 June 2013, 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, and certificates given by the Chairperson and Registrar.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes such internal control as the Board 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 Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives 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, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Board of Professional Engineers of Queensland for the financial year 1 July 2012 to 30 June 2013 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



C F Dougherty CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

